

CHAPTER 14. LITIGATION

This chapter summarizes administrative case litigation over trademarks, and especially patent litigation in a narrow sense, and is based on lectures given by others at academic institutions. (Here, the term "patent litigation" also includes trademark-related litigation.)

Dispositions under the Trademark Law, including trial decisions and amendment rejection decisions, are carried out by administrative offices. Therefore, oppositions to such administrative dispositions on the grounds of alleged illegality or unjustness can, as a general rule, be raised as requests for examination or objection under the Administrative Appeal Law. If someone is unsatisfied with a disposition given against such oppositions, they can bring further oppositions by means of administrative litigation under the Administrative Case Litigation Law.

However, both the Administrative Appeal Law and the Administrative Case Litigation Law are standard laws which are applied to oppositions against administrative dispositions. Therefore, those laws give way to special laws in application, if such special laws provide for different results (proviso of Section 1, Section 2, Article 4, and Article 6 of the Administrative Appeal Law, and proviso of Section 1, Article 8 of the Administrative Case Litigation Law).

The Trademark Law, as a special law, provides for opposition proceedings against administrative dispositions. According to this law, any person who opposes any disposition or order under this law (with exceptions such as administrative trial decisions in Section 4, Article 195 of the Patent Law mentioned hereinafter) and wants to file a lawsuit to revoke such a disposition must first seek a decision by the administrative office (Article 63 Section 3, and Patent Law Article 184 Section 2). The purpose of this provision is to give the administrative office a chance to reconsider their disposition and to protect the public interests, as well as to reduce the burden on the law courts (as described in the proviso of Article 8 of the Administrative Case Litigation Law). Such a purpose corresponds with another provision in the proviso of Article 8 of the Administrative Case Litigation Law (see descriptions of each article on page 396).

In addition, no opposition can be filed under the Administrative Appeal Law with respect to major dispositions under the Trademark Law, including such other dispositions as are expressly prohibited by the Trademark Law. The major dispositions mentioned above include rejections of applications, final actions, decisions of revocation, oppositions to granting of patents, and applications for trial decision, trial and retrial (Trademark Law Article 63, and Patent Law Article 195 Section 4). Oppositions can be filed against rejections or amendment final actions by means of a request for trial. As described later, lawsuits against applications for trial decision, trial or retrial can be brought directly to the Tokyo High Court by omitting opposition proceedings under the Administrative Appeal Law. Opposition to trademark registration decisions (Article 43 Section 3 Item 5) and application for exclusion and challenge decisions (Article 56 and Patent Law Article 143 Section 3) are substantially covered by other remedial trial proceedings. With respect to dispositions against which the Trademark Law provides that no opposition can be filed, opposition proceedings under

the Administrative Appeal Law cannot be used (see descriptions of each article on page 483).

Dispositions described in Section 2, Article 184 of the Patent Law and provided for in Section 2 of Article 63 of the Trademark Law, as well as dispositions against which opposition is permitted to be filed under the Administrative Appeal Law, include procedural rejections by the Director-General of the Patent Office (Article 77 Section 2 and Patent Law, Article 13 Section 4), rejections of applications to appear in person (Article 77 Section 2, and Patent Law Article 18), and rejections of requests for certificates (Article 72).

Section 1. Trademark-related Litigation

The term trademark-related litigation (usually, this term is included in reference to "patent litigation") has two meanings: (1) trademark-related litigation as administrative litigation, such as litigation against trial procedures, belonging to the category of final action proceedings; and (2) industrial property-related litigation including civil lawsuits (the widest definition of the term includes trial (or retrial) procedures, patent or trademark litigation including civil and criminal lawsuits as well as administrative litigation, and trademark disputes including complaint procedures, customs duty procedures, and out-of-court negotiations).

Section 2. Trademark-related Litigation as Administrative Litigation

I. Litigation under Trademark Law

1. Categories

Litigation under the Trademark Law is administrative litigation. If administrative offices had any power to grant final decisions through their own trials, this would damage the rights of citizens to demand litigation proceedings. In order to ensure fair trials, therefore, the Trademark Law introduces a system which permits the filing of litigation.

The trademark-related litigation, as administrative litigation, mentioned in this essay refers to: (1) litigation for revoking trial decisions, (2) litigation against decisions rejecting amendments, and (3) litigation against decisions rejecting applications for trial or retrial. (The above-mentioned litigations also cover (4) litigation over amounts of compensation under the Patent Law, but this essay does not discuss that litigation because its nature is slightly different from the others.)

With respect to administrative dispositions, one can, as a general rule, claim remedy through filing oppositions under the Administrative Appeal Law and further by appeal under the Administrative Case Litigation Law. With respect to trademark-related cases, however, Article 63 and Section 2 of Article 63 consider the nature of cases and provide for exceptions to those two laws. Namely, one is permitted to file litigation to seek revocation of only trial decisions and other specific decisions (Article 56 Section 1, Article 61, Trademark Law Article 63 Section 1, and Patent Law Article 53 Section 1,

Article 133 Section 2, Article 159 Section 1, Article 174 Section 1, and Article 178 Section 6).

The Trademark Law prohibits filing of oppositions under the Administrative Appeal Law against trial decisions or other decisions granted in type (1) and (3) litigations mentioned above (Article 63, and Patent Law Article 195 Section 4). Instead, the Law provides for a means to file oppositions directly with the Tokyo High Court. In final action-related litigations, the Patent Office is named as one party in the proceeding, and therefore, the Law admits the exclusive jurisdiction of the Tokyo High Court to facilitate communications with the Patent Office (Article 63 Section 1).

2. Suspension of Proceedings

Whenever necessary in litigation, the court may suspend the proceedings until a decision is granted in the final action (Article 17 and Patent Law, Article 54 Section 2).

The decision to suspend proceedings is at the discretion of the courts. There is no rule that requires courts to suspend the proceedings simply because an administrative trial decision is still pending. Today, administrative trials are not completed speedily, and courts do not usually suspend the proceedings unless a trademark invalidation decision is highly probable in the administrative trial.

II. Litigation for Revocation of Trial Decision

1. Competent Plaintiffs

The right to file litigation against trial decisions is given only to the parties and participants of such trials and other persons whose applications for participation in such trial were rejected (Article 63 Section 2 and Patent Law, Article 178 Section 2). This action is intended to protect the parties concerned. If all persons alleging infringement of rights due to trial decisions were permitted to file litigation before the law court, the number of litigations might grow, thus preventing speedy proceedings. On the other hand, if only the parties of the trial were allowed to file litigation, it means that other persons with interests might not be adequately protected. Exclusive licensees, non-exclusive licensees, and pledgees can become a plaintiff if they were participants in the trial or retrial.

2. Competent Defendants

In litigation against trial decisions, the defendant must be the Director-General of the Patent Office. However, in litigation against decisions in trials seeking invalidation or revocation of registered trademarks, the defendant must be the appellant or respondent of the trial (Article 63 Section 2 and Patent Law, Article 179). This idea is based on the adversarial legal system.

If the defendant has been mistakenly named, namely if the appellant or respondent of the trial is named instead of the Director-General of the Patent Office, or if the Director-General of the Patent Office is named instead of the appellant or respondent of the trial,

the defendant can be later substituted in so long as the mistake was not intentional or due to material negligence and such litigation concerns either an appeal trial or inter-party trial (Administrative Case Litigation Law Article 15 Section 1 and Article 40 Section 2).

3. Time Limit for Litigation

Litigation against trial decisions or other decisions may not be filed if a period of 30 days has lapsed after service of a certified copy of the trial decision or other decision (Article 63 Section 2 and Patent Law, Article 178 Section 3). The above period is fixed (Article 63 Section 2 and Patent Law, Article 178 Section 4), and the court is not allowed to freely extend the period.

4. Notice of Litigation

Once a trial decision has become final and conclusive, the Patent Office must register that decision into the trademark register and delete or change entries in the register depending on the details of the trial decision. However, filing of litigation prevents the decision from becoming final and conclusive.

If a complaint has been filed against a trial decision that invalidates or revokes a registered trademark, the court must notify the Director-General of the Patent Office without delay. Otherwise, the procedure of registering the trial decision will not be stopped (Article 63 Section 2, and Patent Law Article 180).

5. Trial

(1) Trials in Litigation to Revoke Administrative Trial Decisions

In the trial, the plaintiff should submit specific evidence proving illegality of the trial decision, including erroneous findings of facts, incorrect holdings, and errors and omissions.

Following an answer from the defendant, the parties exchange briefs with each other. Then, a single judge will conduct preliminary proceedings to adjust the claims and production of evidence more carefully than in ordinary civil procedure. The trial then gets fully under way through examination of evidence, and the trial is concluded, pending a decision.

(2) Scope of Trials in Litigation to Revoke Administrative Trial Decisions

The trial in a lawsuit to revoke an administrative trial decision covers the initial trial decision. In inter-party cases or administrative final action cases, the grounds that could be claimed before the court are limited to ones on which the plaintiff had contested the trial decision. The plaintiff cannot provide other grounds as evidence (appeal trial for "Meriyasu Kitting Machine Case", Supreme Court Hanrei, March 10, 1976, Minshu Vol. 30, No. 2, p. 79; initial trial for the same case, Tokyo High Court Hanrei, December 13, 1966, Gyoshu Vol. 17, No. 12, p. 1341; minority opinion by Judge Matsuda in appeal

trial for "Hong Kong Flower Case", Supreme Court Hanrei, April 4, 1968, Minshu Vol. 22, No. 4, p. 816; initial trial for the same case, Tokyo High Court Hanrei, April 23, 1964, Han-ta, No. 161, p. 139. Dissenting opinion; majority opinion in appeal trial for the "Hong Kong Flower Case"). In the "Lincoln Trademark Case", however, the provisions of Items 9 and 11, Section 1, Article 2 of the former Trademark Law were contested. As a result, although the Patent Office did not accept a request for retrial, the Tokyo High Court revoked the trial decision after examination of additional material. That decision of revocation was supported by the Supreme Court. Therefore, any person is no longer allowed to claim infringement of Item 9, but it is interpreted that it is possible to supplement the previous claims in a lawsuit and submit new evidence, as done in the "Lincoln Trademark Case" (Supreme Court Hanrei, December 20, 1960, Minshu Vol. 14, No. 14, p. 3103). This issue has been addressed in a lot of literature and also upheld by the Grand Bench of the Supreme Court; however, it has not yet reached a complete settlement. For more information, see the references introduced below).

6. Judgment (Revocation of Trial Decisions and Other Decisions)

(1) Nature of Litigation to Revoke Trial Decisions

If the court considers that an opposition against any trial decision is groundless, the court must dismiss such opposition; if the court finds grounds in the opposition and finds the trial decision illegal, the court must revoke the trial decision (Article 63 Section 2 and Patent Law, Article 181). The court is not authorized to grant its own judgment because of the public policy to distribute power between the court and the administrative office. The court can revoke trial decisions but cannot make any administrative dispositions to replace the revoked trial decisions. The court respects the expert judgment by trial examiners of the Patent Office. The Tokyo High Court is not a higher court of the Patent Office. That is one reason why the subjects for cases reviewed by the court are called "original trial decisions", and not "original court trials".

(2) Effects of Court Judgments Revoking Trial Decisions

If a court judgement revoking a trial decision has become final and conclusive, trial examiners at the Patent Office must conduct a retrial of the proceedings and grant a new trial decision (Article 63 Section 2 and Patent Law, Article 181 Section 2).

(3) Serving of Original Copy of Judgment

When proceedings before the court concerning litigation against a trial decision invalidating a registered trademark or against a decision in an administrative trial revoking a registered trademark have been completed, the court must serve the Director-General of the Patent Office with a copy of the original judgment without delay (Article 63 Section 2 and Patent Law, Article 182). The purpose of this measure is to meet the requirements for the Patent Office to know the contents of judgment of the court. The court need not give such notice to the Patent Office in litigation against final actions because in such litigation, the Director-General of the Patent Office is named as the defendant.

The copy of the original judgment mentioned above is a certified copy of the original judgment that is executed by an officer of the court and has the same legal effect as the original judgment.

III. Categories of Litigation

Administrative litigation under the Trademark Law is divided into two categories; litigation against the Director-General of the Patent Office over final actions, as opposed to administrative trial decisions, and inter-party litigation against trademark owners, as opposed to administrative trial decisions.

(1) Litigation against Final Actions

(1) Litigation for revocation of administrative trial decisions in proceedings over opposition against rejection final actions.

(2) Litigation for revocation of administrative trial decision in proceedings over rejection of amendments.

(3) Litigation for revocation of administrative decisions rejecting amendments in trial or retrial proceedings.

(4) Litigation for revocation of administrative decisions rejecting requests for trial or retrial.

(2) Inter-party litigation

(1) Decisions for revocation of administrative trial decisions in proceedings for invalidation of registered trademarks.

(2) Decisions for revocation of administrative trial decisions in proceedings for revocation of registered trademarks.

Section 3. Trademark-related Litigation as Civil Procedure

I. Litigation

1. Categories

In addition to trademark infringement litigation, trademark-related litigation (which is usually included in the term patent litigation) as civil procedure includes lawsuits over ownership of trademark rights and assignment or pledging of trademark rights. This chapter addresses only trademark infringement litigation and briefly summarizes what it is.

2. Categories of Infringement Litigation

Trademark infringement litigation generally consists of (1) litigation involving injunctive relief over the production or sale of certain goods under trademark (Article 36); (2) litigation to claim damages (Article 38), litigation to recover confidence through public announcement of apology (Article 39, and Patent Law Article 106), and litigation to claim the return of unjust profits; and (3) litigation (to be brought by a defendant) to confirm the nonexistence of a right to seek injunction and litigation to confirm the existence of a right of use because of prior use.

3. Injunction Relief Litigation

(1) Jurisdiction of Litigation Seeking Injunctive Relief

Litigation seeking injunctive relief is a typical trademark-related lawsuit. Since injunction against substantive rights has been already discussed (See Section 4, Chapter 7), this section addresses the issue of jurisdiction.

As a general rule, litigation is brought in a court that has jurisdiction over the address or principal place of business of the defendant (Code of Civil Procedure, Article 1 Item 1). Depending on the value of the subject matter, the plaintiff brings the suit to either a district court or a summary court.

One major question is whether a special venue or forum controlling wrongful acts by the defendant is applicable to litigation seeking injunctive relief over proprietary rights such as trademark rights. If yes, the defendant will suffer inconvenience in defense because trademark infringement can occur in many local areas. Conventional decisions and theories include positive and negative opinions. The positive opinions include: Daihan Meiji, May 25, 1904, Minroku 10, p. 726; Tokyo High Court, November 28, 1957, Kominshu Vol. 10, No. 9, p. 521; Tokyo High Court, Hanrei, November 15, 1978, Sokuho No. 43, 968; Shizuoka District Court, Hamamatsu Branch Division, June 25, 1975, Mutaishu Vol. 7, No. 1, p. 188; Kikui/Muramatsu, "Zentei Minji Soshoho", p. 88; Saito, "Chushaku Minji Soshoho" (1), p. 115; and Koseki, "Shohyo Hyakusen", p. 106. The negative opinions include: Tokyo District Court Decision, December 20, 1956, GeMinshu Vol. 7, No. 12, p. 3722 (First Instance of the decision by Tokyo High Court, November 28, 1957); Kaneko, "Jokai Minji Soshoho", Vol. 1, p. 40; Takabayashi,

"Tokyo Hyakusen", p. 187; and Motoki, "Kari Sashiosae Shobun" (Jitsumu Horitsu Taikei Vol. 8), p. 585. One positive opinion suggests the importance of holding abuse of rights (Makino, "Chukai Minji Soshoho", (1), p. 280).

With respect to concurrent jurisdiction, the Revised Code of Civil Procedure provides for the following arrangements: Regarding litigation over patent rights, utility model rights, rights of use of circuit layouts, and rights of authors of software programs, if the competent district court is located to the east of the district of Nagoya High Court, the Tokyo District Court also has jurisdiction over such litigation, and if the competent district court is located to the west of the district of Osaka High Court, the Osaka District Court also has jurisdiction over such litigation (Article 6). This provision, which is effective from January 1, 1997, has nothing to do with litigation over trademark rights.

If an application for injunction relief and a claim of damages are made in combination, the place of possible payment of damages (or address of the claimant of damages) controls the jurisdiction (Code of Civil Procedure Article 7). If the number of infringers is more than one and they are sued as joint defendants, the venue (or address) of any one of them controls the jurisdiction.

If any district court (for example, Tokyo or Osaka) has its own special division in charge of litigation over industrial property rights, such cases as should be brought into its branch division (for example, Hachioji or Sakai) will be received by the principal division. This is a matter of clerical allocation, and not a matter of jurisdiction.

(2) Special Categories of Injunction Relief Litigation

(a) Preventive Injunction Relief Litigation

Trademark owners can seek injunction relief against persons who may infringe their trademark rights (Article 36 Item 1). Unlike litigation to claim damages, the willfulness or negligence of the infringer is not questioned in this litigation. If the trademark has become a common noun, the trademark right does not extend to the use of the mark by a third party (Article 26 Item 1 (2)). If a registered mark is listed in dictionaries as if it were a common noun, the mark may be legally deemed a common noun (generic). No legal measure is available to protect the mark from infringement in such a situation.

(b) Litigation to Claim Destruction

Together with an application for injunction, the trademark owner can claim destruction or removal of infringing objects or equipment or other actions necessary to prevent infringement (Article 36 Item 2). This claim represents a request for acts, and not for omissions, which will be realized through indirect enforcement procedures. As a measure to prevent infringement, claimants should be allowed to seek orders that enforce delivery of infringing goods. In most cases, orders for destruction are more appropriate than orders for deletion because of the balance between the value of the infringing objects and the costs for deletion, and considering the purpose of avoiding difficulties of actual enforcement of orders (see Section 4, Chapter 7 for claiming of

injunction).

4. Litigation to Claim Damages

(a) This litigation also includes litigation to recover confidence through public announcement of an apology as a substitute or replacement. If litigation to claim damages cannot be instituted because of time restraints, it is possible to resort to litigation to claim return of unjust profits, though such litigation is not for claiming damages.

In trademark infringement litigation, it is extremely difficult to prove negligence, amount of damages, or causation.

(b) The presumption of negligence.

In claiming damages, it is necessary to prove the willfulness or negligence of the trademark infringer. In many cases, however, such proof is extremely difficult, and therefore, any person who has infringed a trademark right or exclusive license of another person is legally presumed to have committed negligence in such infringement (Article 39, and Patent Law Article 103).

(c) Special provisions regarding presumption of the amount of damages.

(1) In claiming damages from a person who has infringed a trademark right or exclusive license willfully or by negligence, if the person has transferred the infringing goods, the amount of damages can be computed by multiplying the number of such goods (hereinafter called "Transferred Number") by the profits per unit which would have been realized by the trademark owner or licensee if no such infringement was made, subject to an extent not exceeding an amount equal to the capability of use of the trademark owner or licensee (Article 38 Item 1). This provision should be considered a "deemed" provision, and not a "presumed" provision like Item 2.

However, if the trademark owner or licensee is eventually unable to sell all or part of the Transferred Number for any reason, the trademark owner or licensee must reduce the damages by an amount equal to such number unsold (Proviso of Article 38 Item 1). Further, the "presumed" provision (Item 1 under the former Trademark Law) is provided as Item 2 as follows:

(2) In claiming damages from a person who has infringed the trademark right or exclusive license willfully or by negligence, if the person has already received profits from such infringement, the amount of such profits shall be deemed the amount of damages incurred to the trademark owner or licensee (Article 38 Item 2). With respect to the profits received by the infringer, opinions have been divided about what such profits mean: net profits, marginal profits, or gross profits. However, it is possible to oppose claiming of any type of profits later because the provision is merely for the purposes of presumption.

(3) The trademark owner or licensee may claim from a person who has infringed its

trademark right or exclusive license willfully or by negligence damages in an amount equal to the royalties receivable for the use of its registered trademark (Article 38 Item 3). This represents what is called a royalty provision. The provision before revision specified the amount as "an amount equal to the royalties usually receivable for the use of its registered trademark". However, deleting the word "usually" from the sentence, the provision after revision specified the amount as "an amount equal to the royalties receivable for the use of its registered trademark". The intent of this revision is based on the idea that "an amount equal to the royalties usually receivable for the use of its registered trademark" is not enough compared to a reasonable license fees.

The legal fiction between royalties and damages represents a "presumed" provision. If infringement is proved, it is presumed that damage has occurred (Toyosaki, p. 235). An amount equal to the royalties under the provision is a kind of legal damages, and therefore, even if the right holder fails to claim or prove the amount of its royalties, the court must independently compute an amount equal to the royalties (Osaka District Court, Decision on September 14, 1979, Mutaishu Vol. 13, No. 1, p. 82).

For details about claims for damages, see Section 4 (III), Chapter 7.

5. Litigation to Confirm Nonexistence of Right to Seek Injunction

This type of litigation includes litigation filed by the alleged infringer to confirm the nonexistence of a right to seek injunction or to confirm the existence of a right to use based on prior use.

In spite of not infringing any trademark right, the right holder can receive a warning of trademark infringement. It can be notified or reported to customers that the right holder has infringed the trademark right. As a result, the right holder may suffer damage. In such cases, the right holder is able to file litigation to confirm that the claimant has no right to seek injunction or that the right holder has the right to use the mark because of prior use.

In addition, with respect to undue warnings to customers (Unfair Competition Prevention Law, Article 2 Item 1), the right holder can file litigation to recover confidence through public announcement of an apology under the Unfair Competition Prevention Law (Article 7 of the same law). Further, the right holder can file litigation to claim damages (Article 4 of the same law) in combination. (For litigation to recover confidence, see Section 4 (III), Chapter 7.)

II. Preservation Proceedings

1. Purpose

Preservation proceedings are provisionally conducted as preservative disposition until granting of a judgment on the merits, and they include provisional attachment proceedings and provisional disposition proceedings.

2. Provisional Attachment

Provisional attachment is made to preserve property of the infringer until a judgment on the merits is granted in litigation to claim monetary damages. This proceeding is conducted when the infringer is likely to hide its assets from the claimant (Law for Civil Preservation, Article 20).

3. Provisional Disposition

Provisional disposition is conducted in the following cases.

(1) The right holder is likely to suffer unrecoverable damage if trademark infringement continues until granting of a judgment on the merits, such as injunction against production or sale of trademark products. In order to avoid substantial damages or imminent danger, it is necessary to promptly realize the trademark right on a provisional basis by transferring the products to the executor and to settle a provisional status of the right holder (Law for Civil Preservation Article 23 Item 2).

(2) The currently registered right holder is likely to transfer its right to a third party by the time a judgment on the merits is granted in proceedings for seeking transfer of the registered trademark. Therefore, it is necessary to preserve the current status in a "Provisional Disposition regarding the subject matter in dispute" (Law for Civil Preservation Article 23 Item 1).

4. Features of Preservation Disposition

Preservation disposition is generally characterized by urgency, which requires a preservation disposition to be executed within two weeks after service of the order (Law for Civil Preservation Article 43). In a case involving industrial property, however, proceedings are conducted carefully depending on the complexity and effects of the case (Code of Civil Procedure Article 87). In issuance of an order of disposition to settle the provisional status, in particular, oral proceedings or hearings of debtors are required in principle (Law for Civil Preservation Article 23 Item 4). As a result, it usually takes a considerable period of time until a result is produced. This is called "putting provisional proceedings into the principal matter."

In preservation dispositions, practically, an order of preservation is generally issued without holding oral proceedings. No notice is given to the opposite party until the order is issued. As a result, a preservative order is very effective. This is called "secret handling" of the preservative disposition. However, this practice can cause damage to the opposite party. In particular, in a preservative disposition for setting provisional status, results of the order can produce the same results as in a decision on merits, depending on the contents of the motion. For this reason, in such preservative disposition, hearings have been held to prevent excessive effects on the case and to avoid mistakes in judgment. However, the Law for Civil Preservation requires oral proceedings or hearings of the opposite party before the issuance of an order in provisional disposition for deciding provisional status (Law for Civil Preservation Article 23 Item 4).

Generally, in provisional dispositions for deciding provisional status, it is appropriate to hold hearings for the opposite party. However, if infringement has been done maliciously and the contents of the case are legally clear like a case of trademark

forgery, enforcement of a preservative order without holding hearings can be totally ineffective. Therefore, if rights to be preserved clearly exist and it is obviously necessary to preserve such rights, or if the purpose of the preservative disposition cannot be attained through the holding of hearings, as in an emergency, the court may issue a preservative order in proceedings for deciding provisional status.

5. Security

Preservative proceedings are incidental to, but conducted independently of, litigation on the merits. (Case numbers are given separately, and after issuance of a preservative order, the opposite party may file a motion to seek an order for instituting a lawsuit. If not observed, the order will be cancelled. This fact indicates that preservative disposition is incidental to litigation on merits.)

In the preservative proceedings, the claimant is required to put down a security or deposit before issuance of the order as a security for damages which may be due to the opposite party depending on the results of the proceedings. The preservative proceedings are a provisional procedure effective until the final decision on the merits. No oral proceedings are held, and the facts are established by prima facie evidence, and not by proof; therefore, an order issued in preservative proceedings can be overruled by the decision on the merits (including the preserved rights) in the future.

III. Procedure for Evidence Preservation

1. Purpose

The procedure for evidence preservation is a procedure used in civil lawsuits. This procedure allows preliminary examination of evidence and earlier preservation of the results from such examination. If one waits for the scheduled opening of examination in civil procedure, it can be too late to conduct an appropriate examination of evidence smoothly. In such a case, the procedure for evidence preservation under the law is available (Code of Civil Procedure Articles 234 to 242). The preservation of evidence will quickly become necessary when, for example, a witness may die due to illness, a witness plans to make foreign travel on business for a long time, or a change is likely to be made to a place to be inspected. Therefore, this procedure can be resorted to both before and after institution of the lawsuit. In trademark litigation, this procedure is utilized to ascertain the number of products manufactured or sold or prices at a specific time. However, the necessity of the procedure must be fully established, and the right to utilize the procedure must not be abused. According to statistics, half of the motions for the procedure have been admitted, and half of such admitted motions had examination of evidence completed. Such high rate of admission and completion is due to the nonbinding effect of orders for preservation of evidence.

2. Procedure

Usually, the procedure for evidence preservation begins with an application. After the lawsuit has started, the court may preserve evidence at its own discretion (Code of Civil Procedure Article 237). A motion for evidence preservation must be filed with the court

where such evidence will be used. After starting the lawsuit, and during the period from the date designated for oral proceedings to the completion of the oral proceedings, the motion must be filed with the court where the lawsuit has been brought (Code of Civil Procedure Article 235 Item 1). As a general rule, preservation of evidence will be conducted by the court where such evidence will be used. In an emergency or before starting the lawsuit, a district court or summary court whose jurisdiction covers the address of the witness to be examined or location of the objects to be inspected will conduct the preservation of evidence procedure. In principle, examination of evidence will be notified in advance (Code of Civil Procedure Article 119) and conducted with participation of the parties. The procedure for evidence preservation is incidental to, but conducted independently of, the litigation on merits. (Case numbers are given separately, and the results of the procedure are addressed in the litigation on merits. The procedure for evidence preservation in German law is conducted as an independent procedure for evidence examination as provided for in the German Jurisdiction Simplification Law, 1990 ("Kaisetsu Minji Soshoho", Teiichiro Nakano, p. 59). (For information on the procedure for evidence preservation in administrative trials, see Section 3, Chapter 10.)