Professor Takabayashi: Thank you very much for coming to this symposium. It is one o’clock Saturday afternoon. Perhaps we may have some more people coming later on. One hundred fifty people have signed up for this symposium, so I think that there will be some more people joining us later, but because it is already 1:05, without further ado, we would like to start our symposium, “EU IP Enforcement, Present and Future.”

This symposium is organized by the Global COE, Waseda Institute for Corporation Law and Society. Under that COE program, we have an intellectual property project. As the Global COE, from last fall we have been conducting various events. We are now shifting our focus toward Europe. This is the first ever event to date centering around European issues. In terms of the program for the day, as you can see, we have Panel One and Panel Two.

In Panel One, we will focus mainly on the IP enforcement system in Europe. We are going to clarify the current status in terms of the IP enforcement system in Europe. For Panel Two we have speakers from Britain, Germany, and Italy, and also from Japan. We are going to focus on enforcement, particularly evidence taking and other topics. This is a very hot topic in Europe, so we are going to have Panel Two on those issues. In Panel One and Panel Two, we will have an active discussion with the audience and among the panelists. We are going to finish our program at around six o’clock, so it will be a long day.

I must give you some opening remarks, but without further ado, I would like to explain our project briefly. Our project is under the auspices of the 21st Century Global COE. Five years ago, we introduced this program, and last year we extended the program for another five years. Therefore, this is a ten-year program. In the initial five years, we focused on a different area, which is to say, East Asian countries. Today we are focusing on Europe, but in the initial five years, we started with East Asian countries, bringing together data on intellectual property, such as judicial precedents.

We have conducted various symposia focusing on the U.S. and Europe as well. However, as a core activity, we launched this project to establish a database of intellectual property judicial precedents in Asian countries. In the beginning, we developed judicial precedents from Thailand. Later on, we expanded our project to include China, Vietnam, Korea, Taiwan, and Indonesia. Then, India was added. These countries in East Asia, including India, became the target of this project. We collected intellectual property judicial precedents in English, and established an English database. As of today, 1,600 or so
judicial precedents can be retrieved in English. We are showing a demonstration on the screen.

You may access this webpage free of charge. Anyone can search on this website. We developed this site. We have organized it on a country-by-country basis, on the basis of the law in question, and also key word search can be done. We have a Thai judge present today, so let me use this example with Thailand. For example, “copyright.” I chose “copyright,” click here, and I can get judicial precedents of Thailand. As you can see, in total, ninety-six cases are shown here. Thailand, copyright intellectual property precedents. Ninety-six of them can be retrieved from here. We have the first case. For example, if we click more detail here, then we can jump to the facts and other detailed information regarding the issues, and summary, and notes of the judgment is shown. In cooperation with the IP Court of Thailand, judges themselves collected the information and gave notes and critique. This is a more detailed page, but going back to the PDF page, you can see that you can print out this information in PDF format, so you can use this site for printing.

Users must refrain from commercial applications or promotional uses of the database. This is only for research use. From the academic perspective, we have established this site for research use only. You can access this site anywhere free of charge. For example, there are American law school students who want to study Thai IP precedents, but it is difficult to read decisions in Thai language. Therefore, you can get three hundred or so cases here in English. In China, three hundred cases. India is an English speaking country, so as far as India is concerned, you may see the entire version of the decisions and cases, not a summary. For non-English speaking countries, we give a summary and notes. We are going to add several hundred cases this year. In March this year, we are going to have more than 2,000 cases. Every year we will upgrade this site. Therefore, for East Asian countries, including India, you will be able to see in five years or so, several thousand cases.

In the second phase of the Global COE program, now six months have passed since we have extended the program for another five years. Just establishing a database is not the purpose of this project. We want to make the best use of this database for research and educational purposes. We would be very happy if you could effectively utilize this database for your research and educational purposes because we have been exerting tremendous efforts to establish this database. We will be very happy if this database is utilized effectively. This year is the second year of the Global COE. The 21st Century Global COE Program is the name given by the Ministry of Education. The Ministry wants to expand this COE Program. Now it is called the “Global” COE Program, so we have focused on East Asian countries for intellectual property judicial precedents, but we are now in the phase of the Global COE Program and we would like to expand our attention to countries other than countries in East Asia to other countries including Europe. The U.K. will also be a target of our expansion to Europe, but we would like to expand to non-English speaking countries Europe as well, so in parallel, we are going to establish a European version of the database. Today is an opportunity to share with you a preliminary stage of the European database.

Now we will have a symposium, “EU IP Enforcement, Present and Future.” I am responsible for the project. For Europe, we have Professor Takenaka of the University of Washington based in Seattle,
who is in charge of the European side of this database. Therefore, I would like to call upon Professor Takenaka to share with us the role of the University of Washington in the European project.

**Professor Takenaka:** My name is Takenaka and I am from the University of Washington. Three months out of the year, however, I teach classes at Waseda University. Because of my relationship with Waseda and RCLIP, and CASRIP and the University of Washington have very close relations and we have been funding and implementing various joint programs or projects. One of those projects is to establish a case law database as explained. Now that this is standard globally, we would like to collect the data and prepare the database.

There was mention made of Asia, but if you take a look, you will see the map of Japan. You click the map of Japan...This is still under development, but basic information about Japan is presented in English. I was able to jump to the English version of the Japanese Patent Office. Here is Japanese Patent Law in English, the Copyright Law of Japan in Japanese with an English translation. IP case law in English can also be obtained. For Asia, we are adding additional information, and with respect to Europe, Professor Takabayashi explained that centering around CASRIP, an English language case law database for Europe is being constructed right now. We have invited speakers from Europe. The EPO, the European Patent Office, already has a database of case law from various countries in English. We have already received a license to incorporate that, but the volume is not very large yet, so later we will expand the volume of the data, and working together with several other partners. We are going to continue to develop the English language case law database with the Dusseldorf University IP Center, which is one of the important partners for us. Dusseldorf is in Germany, in Europe.

Together with basic information, there is also case law information which will form a portion of the database. A summary of Asian case law is included already. Something similar for at least three hundred cases from Germany will be incorporated soon. The University of Strasburg has a center, CEIPI. Together with the IP Center of that research institute, we have two hundred pieces of information for France. For the U.K., we are collaborating with London University. Three hundred cases are to be incorporated into the database. Although this is not mentioned, of course, there is another important country, the United States. With the budget from CASRIP, a database has been constructed; together with basic information, an IP case law database is being developed.

And full text search is possible, too. If we enter a keyword, a search can be performed, or you can also designate the name of the court. By so doing, you can see an extensive list of information. Click one of these, and you will be able to get the details of each case. Just like India, you will be able to get the full text of the ruling by the court. Together with European case law, we would also like to cover Canada, New Zealand and Australia, those Commonwealth countries as well. CASRIP will be collecting information from those Commonwealth countries. Ultimately, we would like to make this a truly global database. CASRIP’s database has not yet been published. If possible, early next month, we would like to publish it, but currently we are in the process of checking whether there are any bugs. Today we are showing the CASRIP database solely for the purpose of demonstration during this conference. Our target, in terms of
timeline, is to make this public early next month and offer this service free of charge so that anyone can access the database. It is not just basic information that is included in the database. Professors, faculty members of universities and colleges, including myself, and students' theses are also going to be incorporated into the database, so it will be not just case law and basic information. As Professor Takabayashi indicated earlier, we are not constructing a database for the sake of developing a database. We need to utilize it fully and the products produced by researchers will also form a part of the database. In that regard, the conference that we are convening today is our kick off symposium to start utilizing the database.

Come April, at the University of Washington, database project participants including Dusseldorf University, the Max Planck Research Institute, Strasbourg University, Waseda University, the University of London and the University of Washington as a host, will be invited. Professors, faculty members, PhD researchers, and the students whom they teach will be invited to the conference in April. We will also be inviting renowned professors in this area, as well as PhD postdoctoral researchers who will be making presentations which will be commented upon by the professors in attendance. This is the event that we are planning currently. Last month, we visited several of our partners to talk about that. We already have a three-year plan for events. In the summer we will host at the University of Washington, next year at the University of London, in 2011 Dusseldorf will be the host, and in 2012 Waseda University will be the organizer. We will give opportunities to young students and researchers to present in a workshop format. In that format, we would like to promote research in IP globally. As part of that, to help promote research, we are developing and providing a case law database under the auspices of CASRIP and RCLIP. I hope that you will make full use of the database. So much for the introduction. Now we would like to get into the symposium. Since I am the moderator, I need to move to the podium.

Now at this moment, without further ado, we would like to start the program for the conference. The first speaker is from the Max Planck Institute, Professor Joseph Straus. Professor Straus will be discussing European IP overall. He is an authority on patents. He is very much in demand, and despite his very busy schedule, he has travelled the distance to Tokyo. When I was a PhD student, I had the opportunity to study at the Max Planck Institute and I was very fortunate to have been under the tutelage of Professor Straus. To this day, I am deeply indebted to him. Professor Straus became the Director of the Max Planck Institute and the Munich Intellectual Property Center's new program was established by Professor Straus. The Max Planck Institute itself is a very famous research institute in the IP area. Professor Straus is actively engaged in new innovative activities. When we were about to launch this database, I asked Professor Straus for a letter of introduction for referrals, and he was quite instrumental in establishing this database. We simply had to have Professor Straus speak here today. Thank you very much for joining us for this seminar. He will be discussing the latest very hot topics from Europe. Professor Straus, the floor is yours.

Professor Straus: Good afternoon, ladies and gentlemen. Thank you very much for the introduction, Professor Takenaka. I would like to express my gratitude and appreciation for having been offered the opportunity to speak at this conference, to Professor Takabayashi and to Professor Takenaka. I also
would like to congratulate you for having been awarded the quite substantial amount of money to run this project for the next few years. It is just a joy for me if I were a little bit helpful. I did it with great pleasure and am really convinced that the center will be contributing greatly to a better understanding of intellectual property law worldwide. As you have heard and as you will hear today, it is quite important to have a Center worldwide taking care of case law and making it available in a language, which has become *lingua franca*. The only deficiency is the name of the language. As some people in Europe have said, if it were in Esperanto nobody would have a problem with English. Some have a problem, but it is a fact that this is the only language in which the world can communicate at present. As you can see from the title of my presentation, I will deviate a little bit from what I was to speak on originally.

“Clouds on the European IP Sky”-- The weather forecast being that not everything is ideal in Europe, and I will try to make you aware of a few developments which took place very recently, and which will have an effect on the IP community and not only the IP community but also scientists and technicians from your country seeking protection in some areas of intellectual property in Europe. Let me first present to you a few topics which I would like to touch upon. The first is talking about anomalies in the status quo of the state of intellectual property law in the European Union. Then I will address two recent developments in the European Patent Office. One is the decision of the Enlarged Board of Appeal of the European Patent Office dealing with the patentability of embryonic stem cells, an area where Japan, quite rightly has gained a lot of praise thanks to the invention of Professors Takahashi and Yamanaka. As most of you may be aware, these two scientists from your country have made possible things which, only maybe two years ago, were held as something which could not be done at all. Then, addressing briefly a referral from the President of the European Patent Office to the Enlarged Board of Appeal concerning the patentability of computer programs, another area in which your country is extremely active, and of course, Japanese companies are among the leading companies in the world. The last topic is an inquiry of the European Commission, an investigation in the pharmaceutical sector, dealing with some patent law aspects, which may make you aware that Europe is not such an easy place to deal with intellectual property rights.

First, about the anomalies. You will hear, of course, Mr. Luginbuel as the second presenter, dealing with some hopefully close perspectives on how to master the problem of a central European patent court. But for the time being, we have in Europe a single market. In most countries, not in all, in one very important one not yet, we have a single currency. We have also a Community trademark, Community design right, and a Community plant breeder’s right. We have in these areas a Community judiciary or jurisdiction, with the European Court of First Instance and the European Court of Justice, which are in place, and which are handling cases of trademark, design, and plant breeder’s rights. But we still do not have a Community patent right, and no one can predict when and where we will get it.

We have, as a logical consequence, no Community patent jurisdiction. On the other hand, we have, since 1978, a European patent system which is in operation that is outside of the legal framework, or legal frame, of the European Community, namely the European patent, granted by the European Patent Office in Munich. All European member states are parties to the European Patent Convention. Again, we do not
have central jurisdiction on the validity and infringement of those patents, which are European patents with national effects. It is a bundle of patents, as probably most of you know, but not a European patent. In fact, to my understanding, the pique of the anomalies is that you need twenty-seven patents to cover the European territories, however, once you put the product, which is patented, on the market, or someone puts it on the market with your consent, then your patent right is exhausted. On the one hand, you need twenty-seven patents, on the other hand, just putting a product on the market means that the European right is exhausted. This situation was not such an ideal one, to say the least, but until a decision of the European Court of Justice in the case LuK against GAT of 2006. There was still a hope, or not only a hope, but the assumption that national courts could act cross border on the one hand deciding on infringement, for instance the Dusseldorf Court, to which Professor Meier-Beck belonged before he became a Justice at the Supreme Court, was thought to be in a position to decide on infringement of a French patent or a Spanish patent, and if the defendant were to invoke the invalidity of the patent, then they thought that they could deal with that too, in a way that would decide invalidity *inter partes* only between the two parties. Since the decision of the European Court of Justice, this has become not possible, because they are still competent to decide on infringement, but you will very seldom have a case in which the defendant will not invoke the question of validity, and under to this decision of the ECJ, as soon as either the counter claim, or independently, someone puts into question the validity of the national patent in question, then only the court of the country in which that patent was granted, or if the European patent was granted for Italy, then only the Italian court could decide on that validity. In other words, since this decision, we have little room to maneuver across borders.

I do know this decision has been widely criticized. I would say, not being a practitioner, possibly, just possibly the European Court of Justice thought that it had to demonstrate how untenable the situation is in Europe, and a solution has to be found which would satisfy the existing needs. Therefore, maybe by this decision, the European lawmaker will be forced to accept, introduce, and agree upon a new system on which Mr. Luginbuel will be reporting in a moment. In the area of patents, we have at the present only the Directive on the legal protection of biological inventions, which is dealing with, let’s say patentability requirements, although not actually altering the old system, but clarifying a lot of questions. Since the European Patent Convention is an instrument outside the framework of the Community legal system, and also the organs of the European Patent Office are outside of that system, when the Directive was adopted in 1998, the question immediately came up, “What about European patents?” Because in the area, especially of biotech, I would say that ninety percent of the patent applications are filed in the European Patent Office, or come to the European Patent Office sooner or later. Therefore, in a situation in which all member states of the European Union, being contracting parties to the European Patent Convention, it was clear that a solution had to be found so as to ensure that the two practices will not deviate from each other. Therefore, already in 1999, the Administrative Council of the European Patent Organisation, and the Administrative Council is, so to say a legislative body of the organization, adopted a resolution to implement all those provisions of the of this Directive into the implementing regulations to the EPC which are dealing not with the scope of protection and so forth, but with patentability requirements.
Since 1999, we have a situation where the same legal basis is in place in the European Union, and in the European Patent Organization, or within the European Patent Convention. This means that, of course, a certain solution had to be found regarding the ranking between the implementing regulations and the original Convention. The original Convention in Article 53(a), which concentrates on the topic with which I will deal, provides that no patents can be granted for inventions, the commercial exploitation of which would be contrary to good order or morality. However, there is also an important disclaimer in this provision that the exploitation shall not be deemed to be so contrary, merely because it is prohibited by law or regulation in some or all of the contracting states. So there is a certain reference as to what should be understood as “ordre public,” also, there is a clear hint that simple prohibition in law in one or even in all countries is not sufficient to exclude something from patentability. I am not addressing that any further in the discussion here, but one should be aware that in Article 27, second paragraph of the TRIPS Agreement, we have a similar provision, clearly indicating that a member state of the WTO, of course, may exclude from patentability inventions, the commercial exploitation of which would be contrary to ordre public but at the same time, that country cannot exclude, cannot allow the commercial exploitation of such inventions. So on the one hand, a country may exclude it, but if they exclude it, then they may allow the commercial use of the invention. I am talking about this of course because of the implications with the decision of the Enlarged Board of Appeal, with which I will deal.

Under the ranking between the implementation regulations and the Convention, it is quite clear that Article 53(a) prevails over the implementing regulations if a certain very specific contradiction between the implementing regulations and the general rule of Article 53(a) can be identified. Under the specific rules of the implementing regulations, and also the Directive of the European Union, the human body, and various stages of its formation and development, are not patentable. One may say that this has something to do with ethical reasons, but one may also say that this has something to do with the very basic distinction between what is an invention and what is a discovery.

Anyway, if we take into account human embryonic stem cells and embryos, this means that an embryo, which is of course a human body at some stage of its development or formation, cannot be viewed as patentable subject matter. In addition to that, both exclude from patentability, the use of human embryos for industrial or commercial purposes. This has to be read in the context of Article 6 and Article 5 and Rule 29(2) of the EPC Implementing Regulations, which, at the same time, clearly states that an element which is isolated from the human body, or otherwise produced by means of a technical process, even if the structure of that element is identical to that of a natural element, is to be viewed as patentable, because the Directive originally had the clear intention on the one hand to demonstrate what should be excluded from patentability, but on the other hand also to ensure that certain categories of inventions will be viewed as patentable, and that should be the case in Germany, the U.K. and Spain and all of the EU wide countries.

In the case of human embryonic stem cells, if they are not totipotent, one could read this provision as an element isolated from the human body which cannot develop into a human being any more, and should be viewed as something which is patentable. In addition to that, Recital 42 of the Directive states
that inventions for therapeutic or diagnostic purposes, which are applied to the human embryo and are useful to it, should also be viewed as patentable. The question then is, “Is it the embryo from which the cells were taken, or could that be interpreted in a way that whenever this kind of invention could help to cure human embryos, it should be viewed as patentable?”

I do not know that this issue has been decided so far. The decision which was handed down, quite recently, by the Enlarged Board of Appeal, had to deal with a very original invention of how to produce and use human embryonic stem cells, which was an invention of Professor Thompson from Wisconsin. The application was filed by the Wisconsin Alumni Research Foundation. To claim one of this application is related to a cell culture, comprising primate embryonic stem cells which are capable of proliferation in vitro culture for over one year, which maintain a karyotype in which all chromosomes of the normal characteristics of the primate species are present, and are not altered for over one year and so forth. In other words, the claim relates simply to pluripotent stem cells, which cannot develop in a human being any more, but which can differentiate to the cells of endoderm, mesoderm and ectoderm.

The Technical Board of Appeal which had to deal with this question made a referral to the Enlarged Board of Appeal of the European Patent Office, which, as all of you probably know, is the last instance, which cannot be actually called upon aside from procedural issues on the part of the parties involved but a referral can be made to them by the Technical Boards of Appeal, or in certain circumstances by the President of the European Patent Office. The three questions out of the four, the first one we can forget, was “Does Rule 28(c), which you have seen, of the EPC forbid the patenting of claims directed to products, in the case here, human embryonic stem cell cultures which, as described in the application, as of the filing date could be prepared exclusively by a method which necessarily involved the destruction of the human embryos from which the said product derived, if the said method is not a part of the claims?” In other words, they did not claim the method. They did not claim the production process, how to come to the pluripotent stem cells, but actually how to culture them and how to use them for further purposes.

The second question was, “Is it forbidden by Article 52(a)?” and the fourth question was “Is it of any relevance that after the filing date, the same products could be obtained without the destruction of human embryos,” meaning by derivation from available human embryonic stem cells. In other words, since the Thompson invention, other methods were developed, which did not require the destruction of an embryo, but which lead to the same pluripotent embryonic stem cells, and especially, the last invention of Takahashi and Yamanaka, enables the production of such stem cells. I do not want to be too long on that, but Yamanaka and Takahashi succeeded in manipulating adult somatic stem cells by genetic engineering to reprogram them to become pluripotent or in some circumstances, even totipotent. The question was, “Is that of any relevance?” The answer of the Enlarged Board of Appeal was more or less as follows.

First of all, it said that the EPC rules are more or less binding and the Directive, including the recitals, is to be viewed in a supplemental interpretation means. Article 53(a) EPC controls, however, there
was also a request by the patentee that the Enlarged Board of Appeal refer these questions to the European Court of Justice, the reasoning being that the Implementing Regulations stem from the European Directive, and therefore, the European Court of Justice would be the appropriate body to decide how to interpret them. This was clearly rejected, and not surprisingly, as I told you at the beginning, because there is no link between the European Patent Convention and the bodies or organs of the European Patent Office and the patent organization and the European legal order. I do not know if, I may say so, what Professor Meier-Beck will be saying. They have a similar case pending before the German Supreme Court. They have a different situation and will be in a position to refer these questions to the ECJ, and I am sure that we will see that Professor Meier-Beck will not give us any hint as to how they will be deciding on this issue. It is clear that here this request had no chance to be accepted.

What were the answers of the Enlarged Board of Appeal? It said that because the product, first, has to be made before it can be used, such making is the ordinary way of commercially exploiting the claimed invention and falls within the scope of the monopoly granted. In other words, because, in order to get these pluripotent stem cells, you must destroy the embryo, this destruction of the embryo is the “use” and that use is for commercial or industrial purposes. It does not matter whether or not you claim that use. What matters is that you have explained and described this destruction in the framework of the description of the invention. So, this destruction is an integral and essential part of the industrial or commercial exploitation of the invention, and, therefore, prohibited under Rule 28. The applicant also invoked the fact that in Europe, in different countries, you have different standards regarding the allowability of research in human embryos. Germany, Austria and Italy are the most strict, but we have the United Kingdom. We have Spain, a very Catholic country. We have Sweden. We have the Netherlands. We have Belgium, and other countries, which really allow in quite an extensive manner but under strict conditions, research in embryos. But, the Board said, “We don’t care about that because the law here is quite clear. We are not searching or investigating the standards on public morality, nor on the national laws, nor are we of the opinion that the European Patents Office should be trying to establish a European standard. That is inappropriate. And, the national laws are entirely insignificant.”

So the situation, which we have now, is one, in which, if a Japanese applicant produced these polypluripotent stem cells in Japan entirely legally, using human embryos, which are superficial under the laws of Japan, or let’s say Sweden or Spain, then in the end, the product may be commercialized in Europe, but no patents will be available, as long as the necessity existed for the applicant and the inventor to destroy human embryos to get the pluripotent human embryonic stem cells. They said of course, the decision affected only inventions concerning products, here human stem cell cultures, which can be obtained through the destruction of human embryos. Whether or not the situation will be different in the future is not decided, because the decision does not concern the patentability in general of inventions relating to human stem cells. Takahashi and Yamanaka may get a patent, but what about the inventions which were made in-between. This is only an example of how different, and how difficult the European situation may be in certain areas of technology.

The second point, which I will rush over briefly, is the question of patentability of computer pro-
grams. Here, very recently, the President of the European Patent Office referred four questions to the
Enlarged Board of Appeal, with the reason that we have diverging decisions of the Board of Appeal, which
apparently created uncertainty, and the European Patent Office should have the leading role in harmoniz-
ing the practices of patent offices within Europe, which is a little bit annoying to myself. Currently there
are concerns expressed by national courts and by the public, that new decisions of the Boards of Appeal
have given too restrictive of an interpretation to the breadth of the exclusion. This is a very subtle formu-
lation. In other words, they went too far. They granted too many patents, and they were, let us say, too
restrictive in interpreting the exclusionary provisions. The questions referred to the Enlarged Board of
Appeal are all dealing with the background of the fact that the Boards of Appeal in one way or another
made patentability of computer programs dependent on the technical character of the program.

The first question before the Enlarged Board of Appeal, and I should add that the President of the
European Patent Office could make these referrals only if it is established that between or among the dif-
ferent case law of the Boards of Appeal, there is a contradiction. Otherwise, the President cannot make
a referral. The Enlarged Board of Appeal recently, this is being published, probably just now, invited the
public to submit observation on this referral by the end of April of this year, and the question is, “Does this
invitation already imply that the Enlarged Board of Appeal views this referral as admissible?” I do not
believe that yet. It will probably also listen to those, who will say, “There is no contradiction. There is a
consistency between the decisions.” But we will see what the Enlarged Board of Appeal will say. The
President’s comment on this is that inventions frequently lie in the particular method performed by a
computer program while executed by conventional hardware. The President said that if we follow these
recent decisions, overcoming the exclusion for computer programs would become a formality, merely
requiring formulation of the claim as a computer implemented method or as a computer product. In
other words, the President says, “You are much too liberal, so therefore you have to review this case law
once again and become more strict.”

The second question, actually, they are all related to the technical character, “Can a claim in this
area of computer programs avoid exclusion under these provisions merely by explicitly mentioning the
use of a computer, or a computer readable data storage medium?” This is again a hint that you are going
too far in allowing patents in this area. They said that if the question regarding 1(a) is answered in the
negative, then “Is a further technical effect necessary to avoid exclusion?” Because under certain case
law of the Board of Appeal, they require not only the technical character or effect by interaction between
the program and the hardware, but something which comes in addition to that. This is question number
two.

Question number three is “Must a claim feature cause a technical effect on a physical entity in the
real world, in order to contribute to the technical character of the claim?” “In the real world?” If the ques-
tion is answered in the positive, “Is it sufficient that the entity be an unspecified computer?” If this ques-
tion is answered in the negative, “Can features contribute to the technical character of the claim if the
only effect to which they contribute are independent of any particular hardware that may be used?”
And the last question, about which I would like to comment a little bit, is “Does the activity of programming a computer necessarily involve technical considerations?” If the answer is positive, “Do all features resulting from programming thus contribute to the technical character of the claim?” If that answer is negative, “Can features resulting from programming contribute to the technical character of a claim only when they contribute to a further technical effect when the program is executed?

The background of this question is that in some case law, the question was “What is prior art in this area?” The answer could be that the Board of Appeal thought that only technical information is prior art. This, of course, in cases in which mathematical formulae and mathematics play a substantial role, would lead to the effect that whatever would fall outside of the strict technology does not form prior art. That is something strange, so I would say that on the one hand, maybe there is a certain inconsistency in the present case law, but many people, who understand more than I in this area, are not of the opinion that at present an inconsistency can be observed that could be observed only if one monitors the case law of the last twenty years.

The question is, “Is this a move which is aimed at restricting the present practice?” While it is acknowledged that technical character is in general of the size of importance, I think that one should be clearly aware that the question of whether we patent computer programs or not is a question which should be decided based on macroeconomic considerations and not the question of whether something is technical or not technical. We should know whether or not we need this kind of protection and whether or not this type of protection is beneficial or not.

Very briefly, we have the other area, where in Europe serious concerns have arisen, namely, the question of defensive patents in the area of pharmaceuticals. In January of 2008, the European Commission started an inquiry in the pharmaceutical market. They said that the reason for their action, whether or not the pharmaceutical companies violate Article 81 and especially 82 of the EC Treaty was information regarding innovative and generic drugs suggested that competition may be restricted in this area, and that this was indicated by a decline in innovation measured by the number of novel medicines reaching the market, and instances of delayed entry of generic drugs as compared to what could have been expected. You see here a graph that the number of new molecules which were admitted for new market approval has been declining for some time. Now, the preliminary observations which the European Commission made in the preliminary report published in the end of November last year was that the originator companies, meaning the ethical drug manufacturers, designed and implemented strategies, they say a “tool box” of instruments, which are aimed at ensuring continued revenue streams for their medicines that this has resulted in delay in market entry by generics by about seven months, and that the ethical drug makers generated patent clusters and started infringement actions against generic drug producers, and that they settled a number of cases, which ended up actually in delayed market entry of generics, and all of that has led to an increased cost in the healthcare system by billions.

Let me finish with the following analysis. The preliminary report contains a passage, saying that defensive patents can serve two purposes. First, they create an enforceable right, which may prevent
competitors from developing the subject matter of that patent. Secondly, defensive patents create prior art as soon as the patent application is published. Thus, the development of the published invention may cease to be of commercial interest to other companies because they would not be able to receive patent protection for their development. Some companies, in addition, also maintain that they have engaged in patenting activities to obtain licensing opportunities. The Commission even initiated proceedings under Article 82, misuse of the dominant market position, against a company because it filed a patent application, an action, which, to my understanding, has no basis in ECJ case law, and which is also conflicting with the national guarantee of property rights. The question of this action, and of, shall we say, the attack on defensive patent rights is, “What should or what may a so called dominant company do? If you have a blockbuster, are you allowed to search and develop follow on and alternative drugs? Is it not allowed to file a patent application for those applications? May you not publish it because you would also establish new prior art? Should it or must it wait and hope that a competitor would develop such inventions?” I think it is a very strange situation in Europe, and I hope that the final report will look a little bit different.

Let me finish with the forecast. I think it is cloudy, still. I hope that the European Commission and whoever is involved will pass the EPLA, meaning that we will get an agreement on patent litigation in Europe which will establish a central court in this area. I also think it is time to terminate lip service to intellectual property, especially patents, not to talk, like some about “patent thickets,” royalty stacking, patent trolls, and so forth, and global warming of patents. One should be quite aware that you can enforce rights only if you have some. Thank you very much for your attention. I am sorry to be a little bit long.

**Professor Takenaka:** Thank you very much for such an interesting report. In terms of comparative law, from the viewpoint of American law that I teach, there is the case regarding *Bilski*. Because of that case, computer software patents are being reviewed. The same is true in the United States, and a decision came out last year. Last Wednesday, the *Comisky* case which preceded *Bilsky* came down, and obviousness has had to be revised. That was the gist of the case and a similar review is going on in the U.S. and this is very interesting. As to defensive patenting, I thought that this was a strength of Japan, but that is also happening in Europe. Defensive patenting was especially common in electrical and mechanical engineering, but now it is being used for pharmaceutical products in Europe. I thought that that is fascinating. We would like to discuss this in more detail during the panel discussion.

The next speaker is Mr. Stefan Luginbuel, an attorney with the European Patent Office International Division. At the same time, he is very well versed in this area and changes that are about to happen regarding the confrontation that is about to happen between the EPO and the EU. He has done much research on these controversies and has delivered many lectures as well, despite his very busy schedule, he has kindly agreed to accept our invitation to deliver a presentation and we are very appreciative. Now the floor is yours, Mr. Luginbuel.

**Mr. Luginbuel:** Thank you very much, Professor Takenaka for that kind introduction, Professor Takabayashi, colleagues, ladies and gentlemen. First of all, I would like to thank Professor Takabayashi
and Professor Takenaka for inviting me to this highly interesting conference here in Tokyo. I would also like to congratulate them on the establishment of the Waseda IP Case Law Database. The European Patent Office intends to contribute important European patent decisions and summaries of decisions to this database and we fully share the view of Professor Straus that the database will further evolve as an important tool for judges, attorneys, academics and other interested persons, and that it will help foster mutual understanding regarding the interpretation of patent law in Asia and Europe. Once again, our warmest congratulations. It is of course a great pleasure to be here today to tell you about the ongoing efforts towards the establishment of a centralized patent litigation system in Europe. The debate on this subject is at least as old as the patent convention, the EPC itself, and can be explained by the fact that the EPC created a system of patent protection through a single procedure for the granting of patents.

This means that once a patent has been granted by the European Patent Office, European patents become rights, which have to be construed by national courts, or other national authorities of the contracting states, apart from the EPO. There are many such authorities now as the number of states, in which European patents can take effect has reached thirty-five. This includes all twenty-seven EU member states, as Professor Straus mentioned, plus eight states which are not members of the EU. European Patent Organisation is therefore not an EU organization, and is therefore independent from the European Union, although the two organizations do work closely together. In the absence of a common patent court to ensure uniform interpretation of uniform European patent law, the risk of possible differences was evident early on, and in fact became an issue in a limited number of cases. Not so long ago, for example, the U.K. Court of Appeal confirmed the invalidity decision of the U.K. Patents Court, which is the court of first instance in the United Kingdom, in the case of European Central Bank vs. Document Security Systems Incorporated. The parties also contested the same European patent before the Dutch, French, and German courts. So we have a case which has been dealt with in a couple of jurisdictions, four to be clear. The French judges shared the view of their U.K. counterparts, while the German and Dutch courts decided that the patent was valid. So, we had two courts that decided that the patent was revoked, and two courts that decided that the patent was valid, and this is only one of a number of cases where there were diverging decisions in respect of a European patent in proceedings before different courts. (Others I have mentioned here on the slide.)

In terms of the creation of a common European market, this situation is clearly unsatisfactory. The lack of a common patent court system in Europe, and the jurisdiction of such a large number of national authorities with jurisdiction over patent disputes, in relation to the number of patent cases in Europe has also lead to an imbalance in the qualification and experience of judges, as well as differences in national proceedings related to patent litigation, the speed at which courts operate, litigation costs, and so on. One of the upshots of all this is forum shopping, which in turn can result in injustice. Furthermore, fragmented jurisdiction can also lead to cost intensive multiple litigations when a European patent is infringed in multiple countries at the same time. (The list of cases I mentioned before may serve as an example.)

At the intergovernmental conferences of the EC contracting states in Paris in 1999 and London in 2000, it was decided to mandate a working party to submit a draft text for an optional agreement concern-
ing European patents, which would include an integrated judicial system with uniform rules of procedure and a common European patent court. Because of the optional nature of the agreement, it would be up to each individual EPC contracting state to decide whether or not it signed up, rendering unanimous decision making unnecessary. This is of course different in the European Union approach, which I will demonstrate momentarily, where all twenty-seven member states will be obliged to participate. The working party mandated by the intergovernmental conferences drew up a draft European patent litigation agreement, or EPLA for short, and a draft statute for the European patent court, which would be established by the EPLA. From a purely technical perspective, these drafts would be ready to be submitted to a diplomatic conference for adoption. However, the EC would also have to participate in such a conference as the EU member states and the European Community have shared competence with regard to the EPLA. What does that mean? The EU Council would have to provide the Community, that is to say the Commission, which is acting for the Community, with a mandate to negotiate and conclude the EPLA. However, some EU member states prefer a solution under the Community. So the EU framework which would not be the case with the EPLA. It was therefore not possible to obtain the necessary majority among the EU member states to provide the Commission with a mandate to negotiate and conclude the EPLA.

In view of this situation, in spring 2007, the European Commission published a communication on enhancing the patent system in Europe, a suggestion that called for an integrated approach, which would combine features of both the EPLA and Community patent jurisdiction as a way forward. In early summer 2007, the German EU Council Presidency therefore initiated the work on the establishment of an EU patent judiciary. But, within a very short time of the project for the EU patent judiciary being initiated, a number of EU member states had taken the view that an EU patent judiciary, and the initiative to establish the long awaited Community patent, should form one package, as they could simply not imagine one EU patent judiciary without a Community title. As we heard from Professor Straus, European patents are not Community titles. It therefore became clear that the establishment of an EU patent judiciary and of the Community patent would go hand in hand and depend on each other. This will of course not make it any easier to succeed with regard to the EU patent judiciary, bearing in mind the fifty years of fruitless negotiations regarding the Community patent.

In the summer of 2008, the Slovenian and French EU Council Presidency presented a draft agreement on the EU patent court, and a draft statute to the EU Council working party on IP for an opinion. The proposal to use an international treaty as the legal instrument for the creation of a European Community patent litigation system seems surprising and unusual. As you know, such a system would normally be established by an EU Council Decision, an EU Regulation or any other instrument of Community law. The reason for this approach is that the European patent judiciary would not only deal with European Community patents, but would also deal with disputes relating to European patents. The EPC contracting states which are not EU member states, such as Croatia, Norway, Switzerland, and Turkey should also be free to join the new patent litigation system. Therefore, the EU Council Presidency felt that an international treaty to be concluded between the EC and the EU member states and third states such as EPC member states which are not EU member states at the same time would be the most suitable legal instrument for the creation of an EU patent court. The discussions on the draft proposal for an EU patent court
were launched in Brussels under the French EU Council Presidency in the second half of 2008, and will continue, after tomorrow, under the Czech Presidency. All this makes it clear that the EPLA and the EU patent judiciary projects are very much interrelated and almost certainly one of these two systems will be implemented.

Let me now go into some more details of the latest proposed drafts of the EPLA and the European patent judiciary and compare them a little bit. So you have an impression of what we are talking about. The EPLA, as well as the agreement on the EU patent court, would establish a unitary EU patent court for the territory of the EU contracting states. Both drafts suggest that the court of first instance would be composed of a division at the seat of the court, and several local divisions in the contracting states. The divisions will not be separate courts, as you might think. They will have an organizational function, comparable to that of senates or chambers of national courts, the only difference being that they would be spread out geographically throughout the member states. However, there are some differences between the draft of EPLA and the latest draft agreement on the EU patent court in terms of setting up such local divisions. In the draft of EPLA, each contracting State would have the option of requesting a local division provided that it provided a location and request that it could name at least two persons who meet the requirements for the office of judges, in particular, that they have acted as judges before and have sufficient experience in patent law. This approach would ensure that high quality positions are handed down in all of the divisions. On the basis of the EU approach, any contracting state could request a regional division independently of whether or not the government of this state could suggest and approve experienced persons as judges. In order to avoid that judges that do not have the necessary knowledge in patent litigation act in regional divisions, it has been suggested that training centers for judges and a pool of highly experienced judges at every level should be set up. In addition, for a transitional period of seven years, local division panels in contracting states in which fewer than fifty cases were initiated in the three years prior to the entering into force of the agreement on the EU patent court could be composed differently and could include judges who are not nationals of the states concerned.

This proposal, however, is highly disputed, as you can imagine. With regard to the setting up of additional local divisions and the court of appeal, the draft of EPLA and the latest draft agreement of the EU patent court contain the same provisions. That is to say, if a local division, or in the initial phase, a national court has more than one hundred cases in the previous three years, further divisions could be requested but only up to a maximum of three in any one state. This would ensure that the system embodied a real mix of legal cultures and views. As regards to the second instance, it is proposed that one common court, a court of appeals, would hear appeals from all decisions of the court of first instance. In order to ensure compliance with Community law, the European patent court could refer questions regarding the interpretation of Community law to the European Court of Justice. The rulings would be binding on the European patent court, in so far as the latter's decisions take effect in one or more of the EPLA contracting member states which are also member states of the EU. This role of the European Court of Justice, the ECJ, in rendering preliminary rulings did not go far enough for some of the EU member states. To strengthen the link between the European patent court and the ECJ, it was, therefore, proposed in the draft agreement for an EU patent court, that the ECJ would act as a third cassation instance, deciding.
legal questions and simply quashing, that is to say *casser*, the judgments of the second instance, sending
them back to the second instance. However, it is highly doubtful whether conferring jurisdiction as re-
gards to European patents that is litigation concerning a non-EU industrial title would not modify the
esential character of the powers of the European Court of Justice conferred by the EC Treaty. In other
words, the proposal seems to contradict the EC Treaty. It is no surprise that this proposal therefore no
longer appears in the latest version of the draft agreement of the EU patent court, which was published
just a couple of days ago. Instead, it is now suggested that the EU patent court may refer questions re-
garding the interpretation of Community law to the European Court of Justice. The European patent
court would have jurisdiction to deal with infringement and revocation actions in respect of European
patents. It would have jurisdiction in respect of actions for actual or threatened infringement, actions or
counterclaims for revocation of European patents and actions for damages or compensation, and it would
certainly also issue provisional and protective measures. Validity and infringement would be dealt with in
the same proceedings as is the case in most EPC contracting states, Germany, a very prominent excep-
tion.

There are some important differences vis-à-vis the proposed jurisdictional competence of the EU
patent judiciary. Firstly, the EU patent judiciary would have exclusive jurisdiction regarding the above-
mentioned actions for both the Community and European disputes as I mentioned at the beginning of my
presentation. The local divisions of the EU patent court would have jurisdiction over infringement actions
unless the contracting State concerned did not host a local division, in which case the actions would have
to be brought before the central division unless the parties agreed to refer the action to a division of their
choice. So, party agreement is possible. Another difference vis-à-vis the EPLA is that infringement and
invalidity would not necessarily be dealt with before the same authority anymore. In view of the earlier
mentioned fears that not all regional divisions would be able to guarantee the required quality and that
they should not have the power to revoke patents, it has been proposed that in the case of counterclaims
for revocation in infringement proceedings, the local division dealing with the patent infringement would
have the discretion to either proceed with both the patent infringement action and the counterclaim for
revocation and request the president of the court to allocate from the pool of judges, this EU patent
judges pool I mentioned before, a technically qualified judge with qualifications and experience in the field
of technology concerned, or as an alternative, refer the counterclaim for decision to the central division
and suspend or proceed with the infringement proceedings, or, this is another alternative, with the agree-
ment of the parties, refer the whole case for decision to the central division. This means basically that the
contracting states of the draft agreement on the EU patent court would have the choice of either accept-
ing a technical judge on the panel of the local division they are hosting, or having split proceedings in
which infringement and litigation under revocation are dealt with before separate divisions. In the discus-
sions, this proposal was criticized by several delegations.

As I mentioned, in most European states infringement and validity are dealt with before the same
court in the same proceeding. However, when one looks a little bit closer at the issue and at these propos-
als, one can hardly imagine that a local division would in fact transfer a case to the central division if in
fact a counterclaim for revocation were raised because this would imply that the division was not capable
of dealing with the matter at stake. Therefore, it is to be expected that in practice infringement and validity would be dealt with together by the same local division. Based on the latest proposal for the EU patent judiciary, the central division would, *inter alia*, exclusively deal with actions for declaration of infringement and direct actions concerning validity. A court based on either the draft EPLA or the latest draft agreement on the EU patent court would work to unify the rules of procedure and have the power, *inter alia*, to order injunctions and measures in accordance with the TRIPS Agreement, and EU Enforcement Directives. That is to say, the EU Enforcement Directive has already been implemented into the EPLA and this includes for future indemnification of a party and the right for information and to issue provisional and protective measures. It was also agreed to include provisions on damages and compensation, and that the court could impose sanctions. As regards to the EPLA court, it was agreed that it should comprise both legally and technically qualified judges. The number of judges to sit on the panel at the European patent court has been fixed at the minimum necessary to ensure harmonization in the interpretation of law.

This means that the judges on the panel could vary from regional division to regional division, but it would always have to be an odd number with at least one technically qualified member. In addition, the legally qualified judges would have to represent at least two countries. The technically qualified judges would be chosen from a pool of judges and would be appointed to the case based on the technical field concerned, of course. In contrast, mixed panels were generally only suggested for the central division and the court of appeal for the EU patent judiciary and there is in fact some dispute as to whether non-national or technically qualified judges should sit on the bench. There is currently also disagreement as to the role of the ECJ in the proceedings as I have just mentioned. Whether representation before the EU patent judiciary should be mandatory or not or whether patent attorneys should be able to represent a party. There is disagreement, as there always is in the EU, about what the language regime should be, how many regional divisions should be created and who should pay for them, whether the jurisdiction of the EU patent judiciary should in fact be exclusive, or whether EU member states should have the right to opt out of the agreement for an EU patent judiciary.

To conclude, as I have already mentioned, the discussion on the draft agreement on the EU patent court will continue under the Czech EU Council Presidency. The European Commission and the EU Council Presidency have already announced that that they intend this year to ask the Council for a mandate to start negotiations with non EU states interested in signing up for the agreement and not less important, to ask the ECJ for an opinion of the compatibility of the draft agreement on the EU patent court with EU law. The European Commission and the EU Council Presidency also intend to start discussions on the rules for proceedings of the EU patent judiciary. This will involve lengthy and difficult negotiations as civil procedural law will have to be drawn up and approved at the European Community level by all twenty-seven EU member states. The establishment of a centralized litigation system therefore looks likely to keep us busy in Europe for quite some time. *Domo arigatou gozaimashita.*

**Professor Takenaka:** Thank you very much, Mr. Luginbuel. In 2004, I was at the Max Planck Institute on sabbatical, doing research there. At that time, the Community patent was in the last stage of being
finalized. It was in the last stage, we thought, so I was very much looking forward to positive news when I was there. Unfortunately, there has been some lengthening of the process, and some people say that it will not be realized in their lifetime, but as far as I am concerned, as Mr. Luginbuel mentioned, we would like to see the realization of an EU patent office in Europe as soon as possible.

The next speaker is Mr. Michael Elmer. All of the other speakers for this symposium are from Europe, but Mr. Elmer is an American attorney. He represents the major patent law firm, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. For a long time, he has been involved in international rights enforcement. He will give us a practitioner's viewpoint. Earlier, I said that the EPO has already produced an English summary, and with the EPO, we will pursue collaborative efforts going forward. Mr. Elmer has international experience in patent disputes. He has a body of information, particularly regarding win rates. He has a database project covering various countries, and he is at the forefront of such activity. He has a network with major law firms around the world. Against this backdrop, we have a very good relationship. Waseda and the University of Washington are establishing a database and I am sure that there is commonality with the database that they have established and he has established. He is going to give us a practitioner's viewpoint. Because we are conducting our activities from an academic perspective, but he and other organizations will be involved. The two wheels will be the practitioner's viewpoint and the academic viewpoint of the "cart" if you will. I think that this is a very good opportunity to hear about the European experience from the practitioner's, particularly the U.S. practitioner's perspective.

Mr. Elmer: Like my predecessors, I would also like to thank Professors Takenaka and Takabayashi for the privilege of being here, and I consider it a privilege, particularly in the presence of the judges who will be speaking on the next panel, Professor Straus, colleagues, and experts from the EPO. My perspective is a little different. I have been a practicing lawyer my whole life. Before I joined the law firm of Finnegan, Henderson, I was in the army for four years where I was a criminal prosecutor. When I was not prosecuting patents, I was prosecuting criminals. As such, the cases there went to trial by jury.

When I joined Finnegan, Henderson in 1974, there were no jury trials in patent cases in the United States. While the plaintiff under the laws at that time had the opportunity of requesting either a jury or judge, when I came into the practice of patent law in 1974, there were no cases that went to juries. I am not quite sure why, but by 2001, almost every case in the United States, unless the statute precludes to the contrary, which is the case in certain pharmaceutical cases in the United States, almost all patent infringement cases in the United States started to go to trial by jury. Now, why do you suppose that was?

There were two reasons for that, but one principle reason. The win rates. Patentees were winning more before juries than they were before judges. Secondly, and some of our data will show this more clearly, juries were awarding larger damages. Indeed, in the Eastern District of Texas, to which I will direct my attention shortly, the median damage award over a twelve-year period was 20 million dollars. My point is that win rates have driven forum shopping in the United States. Before I can give you my perspective on patent litigation in Europe or in Japan, I first have to shape the context of where I come from, and how forum shopping has shaped my perspective on patent litigation.
In 2001, two things happened that changed my perspective on the practice of patent litigation completely. One was that I went to China for the first time. I was asked to make a speech on litigation in the United States before the World Trade Organization. I could not believe how fast the Chinese patent infrastructure had been built up. That was 2001, less than twenty years since the system had been implemented. That was less time than I, and I thought that I was a young guy at the time, had been practicing patent law. So, I have to keep that in context. That is a new system. But, it was the first time I started thinking about global patent litigation. Quite frankly, the only thing I had ever thought about before that was whether I was going to win my case, whether I was representing an alleged infringer or the patentee. Then, later in 2001, it was really January 2002, an event in Europe shaped my experience.

A German general counsel came into my office. That company manufactured laser technology products. The company wanted to bring its technology into the United States. It was a small company, which had been refused licenses from two very large U.S. patent portfolios. The company wanted me to bring a declaratory judgment action in the United States to clear the way for the company's products to be permitted in the United States in the two year period of time. It was thought it would take to receive FDA approval. Medical device products usually come into the United States after they are approved in Europe because of the lengthy regulatory process in the U.S. I told that German general counsel, who was also the chief operating officer of the company, known as Wave Light, that his company could not afford to litigate in the United States. He asked me what I was talking about. I told him that it was not just the money. I said, “You don’t even return my phone calls. You have no idea what will happen when you are sued by these two large companies.” He said, “What is our global strategy Mr. Elmer?” I said, “Our global strategy would be to file suit in Dusseldorf.” We did. We were successful ultimately. Two years later, that product came into the United States, but had I known back then what I now know, I would have brought that litigation in the London Patent Court. Why? Because litigation and decisions from the practitioner's standpoint are driven by, “Where do I have the greatest chance of success?” Period. When the German general counsel and Chief Operating Officer asked me about a global strategy, I was a little embarrassed that we were at that time the largest intellectual property firm in the world, and I had nothing but anecdotal information for that question. I had no data as to where we should sue and what we should do.

That started me on my own data collection project. I decided that I wanted to find something more than anecdotal information to recommend where our clients should pursue litigation. So we started developing data from 2002 to 2008, where we defined a “win.” At that time, I did not even know what a bifurcated case was. I thought that a bifurcated case was where in the United States you tried damages separate from liability. I did not realize at that time, quite frankly that Germany was one of the bifurcated countries where you had a Federal Patent Court and validity was tried there, and you had district courts where you can pursue the issue of infringement.

We developed this win rate data. We defined a win as a patent case in any country, and we have data for thirty countries, that goes to trial at the court of first instance where at least one claim of one patent is found both valid and infringed. Anything else in my view as a litigator, is a loss. That is where we started. I'll share my last piece of context, from the forum shopping standpoint. In my view, the
United States is a microcosm for the whole world. In the United States, there are a hundred different district courts among which you can forum shop. On this slide, I show the ten most active patent infringement courts for 2007, the most recent year for which we have data, based on the number of cases filed in the calendar year. My point is that not only is trial forum shopping in the United States driven from trial by judge alone to trial by jury, but we are also now forum shopping from among courts. How and why are we doing that? In 2001, there were thirty-three cases in this little court in the Eastern District of Texas. I had never heard of it when I moved to California to open our West Coast office. Six years later, after starting our survey, there were three hundred and seventy one cases in that district court, an increase of over 1100%. Why do you think that people were going there? Because the win rates were high. Because the damage awards were high. So I started to think when this general counsel from WaveLight asked me that question about where in the world we should provoke our dispute. Maybe we should start to look at this a little globally. Before we look at our global map, when I started digging down into the data in the United States, and it seemed to me there are five factors that in my view are objective, hard evidence factors that you can look at in the United States to determine where the best place to bring your cause of action is.

We start out with win rates. As a patentee, you want to go where the win rates are high. Secondly, you want to go where the case and the court docket is such that the patentee’s case will go to trial the fastest. Why? Because just like in a criminal case, time is always on the side of the alleged infringer. It will cost more money, because time is always money, but you want to go to a place where you can get to trial fast. This also makes the International Trade Commission Court in the United States, which we will not talk about today; that is the fastest jurisdiction in the United States, but you cannot get money damages there. Thirdly, you want to go where the damage awards are high. I have found from my survey that outside of North America, you are not looking for damages in a case. Basically, you are looking for an injunction. In the United States and Canada, that is not true. So you want to pick a court where the damage award history is high. This fourth factor is unique to the United States and Canada. It does not exist anywhere else in the world. We have a procedure in the United States where the judge can take the case away from the jury by deciding a dispositive issue as a matter of summary judgment. That means that there is no longer an issue in dispute that needs to go to a trial by jury or by judge. The data shows that summary judgment is the weapon of the alleged infringer. If you are a patentee, you want to go to a court where, for whatever reason, the court is not inclined to rule in favor of a summary judgment. Lastly, almost every country in the world has an administrative fora, where the validity of a patent can be challenged. Germany is a bifurcated country as we have already heard, but in the United States, it is a unified country where the issue of validity and infringement can be tried and are usually tried in the district court. However, if there is a parallel companion action to invalidate the patent in the U.S. Patent Office which in the United States, which we call a reexamination. It is possible for a district court judge to stay the case, or halt the case, while that action in the U.S. Patent Office is pending. As a patentee, you do not want that to happen. You do not want to give the alleged infringer two bites at the apple. So, what do I find when I look at this data?

In the Western District of Wisconsin, and I am an old country boy from Wisconsin (I went to the
University of Wisconsin), I guarantee you that no one brought patent infringement cases in that court back when I was in law school. However, I am predicting from the previous slide that I showed that you will have Wisconsin on there in the next few years because those five factors that I showed to you are prevalent in the Western District of Wisconsin.

What do we do if we are an alleged infringer? We look at the same factors, but go where the patentee win rates are low. We want to go where there is a “slow boat to China,” where it will take a long time to get to trial. We want to go where historically there are low damage awards. We want to go where there is a high rate of granting summary judgments, because if I am representing a big company, and an individual plaintiff is suing that big company, and there is a jury deciding that case, I want to do whatever I can to take whatever issues there are in the case away from the jury. Lastly, you want to go to those courts where it is likely that the court will stay the case if you have a pending reexamination. What do I see here? The Northern District of California emerges. This is my perspective with respect to forum shopping, and one of the reasons I am particularly appreciative of the opportunity to be here is that I am hoping to receive some judiciary feedback, whether privately or publically, on this data because I can imagine that judges do not necessarily have the same perspective that a litigator does when it comes to selecting a forum.

In this slide, we move globally. The first thing I did was to identify the number of patent litigations that were filed. I identified what I thought were the thirty most IP rich countries of the world. It was not a very sophisticated process, but in my mind, it was not a very difficult process. With the passage of time, we have added some countries and we have deleted some countries. On this slide, you see the top ten countries from amongst our survey based on the number of patent litigations filed over an eleven-year period. In each box, we have the rank, and we have picked the most active patent infringement court in each country. In some countries, there is only one court. In some countries, like the United States, there are one hundred courts. China, I was shocked to find out, has seventy-two different district courts. I just came from Shanghai yesterday. We have, I am very proud to say, data in China that is as good and as complete as we have in the United States. We have that data for invention patents, for utility model patents and for design patents, all of which can better help us advise our clients, not only on where they should file their patent applications, but where they should pursue their litigation. Germany remains a bit of a black box to us because we have not been quite as successful in getting all of the infringement decisions. I am hoping that perhaps I might be able to make some progress in the next year or so in that regard. I am also hoping that perhaps I will be able to improve our quality of data in Italy as well.

Now I would like to give just a little bit of an overview of Japan because this is where we are. As part of our survey, Japan ranks number five, as we can see from a previous slide. Incidentally, in terms of ranking countries, while China is ranked number two, if you look only at invention patents, China would be way down in the second or third tier. When I started this study, I thought quite honestly, that utility model patents were of little value. I have seen that while that may have been my perception, that is not reality, and our data establishes that as well. I would like to show here, and I also have the privilege, Judge Mimura, of speaking to some of the IP judges about this on Tuesday, I am very interested in any reactions.
or feedback as well. In this slide we see that, as I understand it, there are two fora in which you may try infringement cases in Japan, that is Tokyo and Osaka. There are about double the number of cases in Tokyo, and the win rate is also higher in Tokyo. We also changed our data collection procedures in 2006, for two reasons. We had a German client, SAP, who came to us and said, “Mike, your data is of interest to us, but the software industry is unique. It is distinguishable. Your data is not meaningful to us.” So, we started to tag our cases with nine different industry sectors. So we can now slice and dice our data by country, by judge, by barrister, by industry. That is helpful to us in terms of deciding where to sue.

I will show you in a few minutes a slide that shows what percentage of cases filed in countries actually go to trial. I maintain that the lower that percentage is, the greater the historical patentee litigation win rate is in helping business managers decide what value they want to put on that case. If, as in the United States, less than four percent of the cases go to trial, by my math, that means that more than ninety-six percent of the cases get settled. The question then, is how do you put a dollar value on those cases? No litigator is going to tell you that a historical win rate piece of information has anything to do with settling that patent case. Any patent litigator is going to win his case or he would not be taking it trial. But business managers like certainty. They do not like risks, especially in these economic times. There are some people who have characterized patent litigation in the United States as a “random walk through life.” Business managers do not like that, so the value of this data is not only in deciding where to file your case, but it also helps people to put a dollar value on the case when the case get settled. That is the point of this slide, and I do not think that I need to reinforce that.

I heard about the new European patent court during my first year practicing law. Now I think, “Maybe not in my lifetime.” I do not know what will happen in my lifetime, but if it does, I would like to prepare for it and anticipate how that will impact forum shopping. While the laws may change, judges may change, everything else may change, there are only four questions that every client asks me about a case. He does not care about claim construction or some fancy rule of law or the reverse Doctrine of Equivalents. He will say Mr. Elmer, “How much are you going to charge me for this case? How long is it going to take? What are we going to get or what is our exposure?” and basically, “What is our chances of success?”

It is that last question that is the hardest one to answer. It just is difficult to answer, but I have created some tools to give objective, rather than giving anecdotal, answers to that question. Another problem I have always had: a client will come in and say, “We are not going to settle this case. This case is going to go to trial. I want you to prepare to go to trial.” We do that, and we like to think that we are pretty good at that, and I will not say much to the client at first, but I will encourage the client to look at the data and the statistics. I will tell him, “You may be right, Mr. CEO of WaveLight,” or whoever it is, “And we will be prepared to do that if that is what you want to do, but less than four percent of all of the cases brought over the last twenty-five years of whatever the thirty thousand cases are, have gone to trial. But I am sure that you are sure that your case will be different.” It puts things in perspective.

The global database is the first tool. It helps us decide where we want to sue. I have a litigation
timeline that we have created that is a picture for a business manager to show how and where his time will be spent, how and when his money will be spent, in an average case in the most active patent infringement court in each country. So I can make those types of comparisons. I have a software program that I use to put a dollar value on a case. It is not perfect. It is not the be-all and end-all, but to me litigation is all about one thing. It is all about money. It is all about business. The case has to make business sense before you bring the lawsuit. Otherwise, you will not properly manage the client’s expectations.

Lastly, in this slide, we answer those four questions. You may look at it at your leisure. I have just picked these countries, but we have answers to all four of those questions for our different courts. In this slide, we concentrate the win rate data. The win rates vary from five percent for the last two years in the London Patents Court all the way up to sixty seven percent if you go to trial by jury in the United States. We indicate if it is a unified country or a bifurcated country where we have to extract data from two different fora.

At Toshiko’s request, I have tried to give some of my U.S. perspectives on patent litigation in different countries. We see the London Patents Court as a patent friendly court. Germany is perceived as a friendly court. France is not only perceived as a good patent court. We have data that shows that the win rate there is the highest of the countries among the top ten, if you take into account all of the countries. The problem is that it is slow. It takes a long time. The Netherlands was really high on our list until the cross border cases to which we made reference earlier came about, but still, one third of the time. The Hague will issue a preliminary injunction, which is high, because that is extraordinary relief. Italy is still a bit of a black box to us. Switzerland is a huge surprise. It has the highest win rate of all of the European countries. There are some reasons for that. We are starting to focus in the medical device field on Ireland. Why? Because there are certain tax and business incentives to doing business there. Plus, there is a new commercial court with an expedited procedure where the winning rate is one hundred percent. That is the good news. The bad news is that there has only been one case.

Here is the data for Japan. I am very interested to talk to some Japanese judges because in 2006 the patentee win rate was about ten percent. Four out of thirty-nine. In 2007, it went up to thirty-two percent. It tripled. I am not sure why that is. I cannot make much out of that, but it is what it is. Since the beginning of Indian patent law, only one case has gone to trial. That is the Monsanto case many years ago, but there is a new order, a new judicial system in India, and some of our pharmaceutical clients have been very interested in this statistic. China, in my opinion is going to be the next real jurisdiction to facilitate forum shopping. It is unbelievable what data we have there, and how win rates vary from jurisdiction to jurisdiction and rebut some of the commonly held Western perceptions about doing business in China.

I will conclude quickly. I want to give you two examples. Someone will say, “So what, you have all of this data. What does it mean?” In theory, a decision in a first country where you initiate your first strike is absolutely worth zero in terms of collateral estoppel or res judicata consequence in any other country, but I will tell you that in practice, it makes a huge difference and has a huge impact. Here is an example
of a successful offensive first strike strategy, with a Japanese company. We did not represent them. (I am not trying to advocate a strategy that I espoused.) What this company did was bring a case in a high win rate jurisdiction in the United States, Oregon District Court. They got a successful claim construction. The claim did not even go to a decision on the merits. The first case settled in England, second in China, third in England. They then filed a companion ITC case in the United States against twenty-four other companies from five countries, and they all were settled and resolved in favor of the patentee. That is the impact. So a successful, first jurisdiction first result has a huge effect on business management.

The exception is the pharmaceutical field. This is a very data-rich slide, but all I am trying to show is that the alleged infringer, who wanted to engage a competitor in a global patent dispute, where did they choose to sue? First, they sued in the London Patent Court because their chances of success, if they are low for the patentee, they are high for the alleged infringer. In this slide, a “P” means that the case is pending. This means that all of these cases did not get settled. The pharmaceutical industry has a couple of factors that distinguish it with respect to global settlement. First of all, there are anti-trust considerations. Secondly, time is money in the pharmaceutical field. Even if an injunction is issued against a company in one country, they will not settle elsewhere. The only country where London Patent Court first strike decision influenced a subsequent decision was in Brazil. Ladies and gentlemen, I thank you for your time and I invite you too look in the appendix where I have tried to include some of the more supporting data and illustrations of the tools. Again, I thank you for the opportunity to be here.

Professor Takenaka: Thank you very much Mr. Elmer. We are behind schedule by about fifteen minutes or so, but Professor Takebayashi has said that we may extend the program until six thirty. We would like to have an open question and answer session for fifteen minutes beginning now, but before we start the question and answer session, we have judges seated in the two front rows. Perhaps the judges who will be speaking in the second panel would like to ask a question.

Judge Mimura: Mr. Elmer, I would like to ask a question. Earlier, you talked about the win rate in the database. How do you classify settlements when you calculate win rates? Do you analyze the settlement to classify them as a win or loss?

Mr. Elmer: That is a question I have been asked many times, Judge Mimura. We do not count them. To me, a settlement is not an objective basis for determining whether it is a win or a loss. Well that is the answer, but there are many reasons for that. Any lawyer who settles a case will give you his positive spin. You will get the positive spin from the other side. Usually in settlements of any consequence, the damage awards are confidential. There are some times in which you could draw a very strong inference based on who pays it if it is a very large amount, but it is not a population of data that, I think, is meaningful. That is why I selected only those cases that go to a final decision on the merits.

Judge Mimura: I have a follow-up question. Sometimes the ruling is not definitive. It is not a clear win. If one half of the damages are awarded, I wonder if that would be a win. How do you define a “win?”
Mr. Elmer: This is how we define a win. First of all, we only look at cases that go to a final decision at the court of first instance. We do not take into account appeals. According to our methodology, we only count a case as a win if at least one claim of one patent is found valid and infringed. Anything else is a loss. We take that “W,” and we count up those Ws in the numerator, and in the denominator, we put wins plus losses. It is true that there may be some Pyrrhic victories in that a claim in a patent is found valid and infringed but there are not substantial damages, but this is the methodology that we use to have a common denominator so that we are comparing German apples with Japanese apples with American apples. It gets a little more complicated in countries where a bifurcated procedure is used, and I can explain that if anyone is interested, but that is basically our methodology.

Judge Mimura: Thank you very much.

Judge Muscolo: Just a few brief remarks to fill in the “black box” on Italy. Generally speaking, the Italian specialist sections I will present you later are expected to speed up IP litigation procedures and Italy cannot anymore be considered a torpedo friendly Country to file non-infringement actions. Urgent procedures are statistically more and more frequent and suitable to the settlement of IP conflicts in an average deadline going from one month to six months, one year maximum. On the point I agree that trial procedures in Italy are not very expensive. As a conclusion Italian jurisdiction is becoming more and more IPR owner friendly. I do not have specific statistics to give you, but I can add that as a general overview to the Italian system.

Mr. Elmer: I very much appreciate those comments, and I would appreciate any data that we can get from Italy. I will tell you that I am a bit like a client when they ask us what results will come from a case when it comes to data, because when I first started this project, we got estimates from countries. There was not a single country that when we peeled back the onion and looked at the underlying data, the numbers went up. The win rates always went down. The win rates were always lower. That is not surprising. It is human nature. The dollar values when we initially did some surveys on the cost of litigation always went up. They never went down. We are trying to be realistic with this data, but it is interesting to me that the global win rate is one out of three. Generally speaking, across the globe. Even if you calculate the U.S. win rate, when you calculate summary judgments, is thirty-five percent. I did not know that. I had no idea what those win rates were when we started, but I would like to roll up my sleeves and get a little more serious about our Italian and German data.

Dr. Meier-Beck: May I ask a question? Have you tested your empirical data in your own cases? Did you advise your clients, “If you go to this court you will have the best chance to win” and did you test that then?

Mr. Elmer: Have we tested it? It is part of our overall analysis. Obviously, you can only forum shop provided you meet the requirements of venue and jurisdiction. We start there. Then we look at other subjective factors. These are factors. The answer to your question is, “Absolutely yes. We use this data all the time.” It is part of our global strategic planning. I have actually used the data with a German client where
we put a dollar value on a case and openly discussed the numbers in putting a settlement value on the case. That was how the settlement was arrived at.

Professor Takenaka: We would like to open the floor up to questions.

Professor Straus: All of the win rates are estimated. The win rate may be depend on what a plaintiff dares to do. Because if you have a patent friendly court, or a court which is perceived to be a patent friendly court, you may try to get protection for an equivalent solution to the technical problem and maybe you would not dare do the same in Dusseldorf and you do go the London Patent Court because you know that they will not accept this construction of equivalence. With the German numbers, as far as I know, as far as the German numbers are concerned, it will be difficult to find out the correct win rate because you may win your case at the Dusseldorf District Court, and you may win the case on the appeal level, but if, at the very end, if the patent is invalidated by the Federal Court, that would mean that the patentee has lost his case. I think the courts will not have the figures that you would like to have so it would be a real effort to find the numbers that you would like to have.

Mr. Elmer: May I respond? First of all, I think implicit in all of the questions is the data is not perfect. The data is not the end all. I will be the first to admit that. It is just something that we can use to our advantage in leveraging the overall win rate in the United States, of thirty-five percent up to sixty-seven percent. All you do is increase the odds. There is no guarantee in this data. There are all kinds of caveats that we register. I would like to think that we are not stupid. Managing expectations in life is probably the greatest discipline that I have tried to learn with my charming bride of forty years, and I am not so successful. I have the same lack of success with a substantial body of my clients. But I think we would be sticking our heads in the sand to ignore the data. I will tell you that if I can bring a case in the Western District of Wisconsin as opposed to the Eastern District of Michigan, while there is no guarantee what will happen in that case, that is where I am going to go. If I can bring a case in the London Patent Court if I am the alleged infringer, as we recently recommended one of our clients do, and it was tested in that case, they were successful. There are no guarantees in patent litigation. Marshall Phelps, Chief Patent Counsel for Microsoft, was on a panel with me one time. He is the one from whom I extracted the phrase, “Patent litigation before a jury in the United States is a random through life.” I am not sure if I were in his position if I would be saying that because it might be an invitation to suits from third parties. All I can say, Judge Meier-Beck and Professor Straus is that it is not perfect. I understand that. But, I would rather make our decisions with that information in our arsenal. I cannot say anything more.

Judge Fysh: If I may make a contribution to this question of win/loss statistics from the United Kingdom perspective, we are under intense pressure in the United Kingdom to make, if we possibly can, clients not go to court. I repeat, “Not go to court.” So, at the earliest stages, we bang their heads together (not literally) and invite them to think about mediation. A very significant proportion in my court, about twenty-five to thirty percent of the cases that are initiated go to mediation. Although I cannot vouch for the accuracy of the figure, a very substantial proportion of those, over half, settle. So one of the factors that somehow must be taken into account in these statistics must be the question of ADR or mediated settle-
People are encouraged not to litigate even though they start claims.

**Mr. Elmer**: I fully support and endorse that effort. I have spent many hours thinking about how I might look at a population of mediated cases or a population of settlements and put a value on that, and I will tell you that I have come up with zero solutions, zero answers. I have concluded that it just ain’t possible. So while I support that and I realize that, my other comment is that this data, in my view, is invaluable in an ADR or in a mediation because you can use this data to help the parties. I even can show you what we do.

It is a question of using some of the statistics and some of the data. It is not perfect negotiation or science. But I will tell you that it brings business managers together in a mediation. I support what you are saying. I just do not know how to evaluate that. I will tell you that when we look at the Swiss data, we want to know, “How can the Swiss win rate be so high?” First of all, the population is not that large, but we have the numbers for anyone who would like to look at it. I was told by Andrea Mondini, a lawyer with whom I work in terms of collecting data, the Swiss, like you Judge Fysh, and like I understand happens in Japan, some judges are very strong-handed in encouraging the parties to settle. Some judges will let the parties have more free reign. My own personal view is that if the judges are inclined to tell the parties who will win, in my personal view, it will drive the win rate up in those cases that go to trial. There are people who disagree with me, but I support what you are saying.

**Professor Straus**: Let me ask this question. When you presented the basis for forum shopping, what you are thinking of did not mention familiarity with the proceedings of the system. This is one area that one quite often reads as one of the major reasons for forum shopping, because you are familiar with the proceedings and you are familiar with the system. One also reads that big American firms prefer to litigate in the United Kingdom, not least of which because they are familiar with the system. It is a common law system. They have cross examination. They have experts. What is your experience in this regard? Is this an aspect, which is taken into consideration by you as well, or not really?

**Mr. Elmer**: Absolutely. It as important if not more so. All I tried to focus on today were the objective factors that are measurable. The two subjective factors that probably are most important, and frankly, when I came to Finnegan, my first case was a case in which we were sued by a Swedish company in the Southern District of New York. They were forum shopping. Our client was Crucible Steel from the Western District of Pennsylvania. So what do you think we did? We tried to go to the Western District of Pennsylvania because that was where the company was. That was where the jobs were. While those factors are not supposed to impact on the decision, we are not stupid. Those things probably come first. First of all, you, generally speaking, do not want to sue in someone’s backyard. Rule number one. Secondly, your familiarity with the system and the sophistication with the judges has a huge impact. So you look at those subjective factors, but these are objective factors. I think your point is well taken. I should list them in future presentations. I am not forgetting them. I am just trying to list those that we can measure.
Professor Takenaka: We wanted to take questions from the floor, but because we are behind schedule, we will take a ten minute break. Toward the end of the second part of the program, we will have a question and answer session. Those of you with burning questions, please hold them for that section. Let us give a big round of applause to the speakers.

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We would like to start Part Two. I myself, Takenaka of the University of Washington will be serving as moderator. Let me take up the initial five minutes with my own remarks so that I can explain the overview or introduction to this panel discussion. On the screen, I have indicated what we are going to discuss in this panel discussion.

EU IP Directives – Enforcement Directive. This is the history of IP Enforcement Directives. It so happens that in Japan, damage calculation related legal revisions took place in the following years. The patent procedure law, particularly evidence preservation and in camera procedures related law were revised in 1999. One year before that, in 1995, the EU IP directive initiative started and since then, a lot of things have happened. In 2006, the final version was adopted. On the 29th of April 2006, the content of the Directive had to be transplanted into domestic laws. That was the requirement. However, depending on the country, this deadline, namely April 29th 2006, could not be met with internal procedures. One of those countries is Germany. We have Dr. Meier-Beck from Germany. Regarding Germany, in September last year, domestic procedures have been completed. The United Kingdom and Italy have already completed early stage domestic procedures. So in relation to domestic procedures, we are going to have a panel discussion centering around evidence preservation, document production orders, and so forth.

On the screen, I have picked up some items for comparison purposes. As I said earlier, in 1998 and 1999 in Japan, we had a revision of laws and a similar movement was seen in Europe, as well. That is my impression. On the very last page of your handout, a copy of the “IP Enforcement Directive” is included. So, at your leisure, please refer to the materials. When they talk about IP, what would be the subject matter and what is the scope of protection. In the case of Japan, we have an IP basic law in place now. In that law, we have a broadly defined scope of protection and we have some similarities between Japan and Europe in terms of the scope of protection. What is very interesting is Articles 6, 13 and 14. In 1998 - 1999, Japan had legal revisions regarding calculation methods for damages and remedies, patent holders filing an action, and information held by defendants and third parties could be presented to the court through document production orders. Those revisions were made in Japan and similar points were covered in the EU Directive. I think we can discuss the issues of how the rules were changed to facilitate that and how that is being implemented by comparing Europe and Japan, through that exercise, how European and Japanese academics and practitioners will be able to work together to improve the systems respectively in Europe and Japan. I hope this will be an opportunity to study for the betterment of the respective systems. Now without further ado, I would like to introduce the speaker panelists. In order to save time, I would like to give an introduction to all of the five panelists in at once.
First from the United Kingdom County Patent Court, we have Dr. Michael Fysh, a judge at Patents County Court. We are going to start with the U.K. presentation, because as far as my impression is concerned, regarding the EU Directive, we have countries with common law. So the British system was imported into Continental Europe in many ways. That is why I would like to invite a speaker from the U.K. first because the U.K. had little impact in introducing the EU Directive into domestic law, so I would like to start from less affected countries to more affected in the order of presentations. Before Dr. Fysh became a judge, he was a very well known patent attorney. After that, he was appointed as a judge in Ireland, India, and in many places. He has given lectures and he has sat as a judge, so he is very active in international fora.

The second speaker is Dr. Gabriella Muscolo, from Italy. Dr. Muscolo is a judge in the tribunal of Rome. That is a district court in the Tribunal of Rome, just like the IP division in Japan. IP and competition law are special divisions that exist. Dr. Muscolo is a judge from the IP division, a specialist section and just like Dr. Fysh. Dr. Muscolo is well versed in the European patent court and she has taught at university and we co-organize a symposium and research projects between her university and the University of Washington.

The third speaker is Dr. Peter Meier-Beck. Dr. Meier-Beck is a judge of the IP section of the Federal Supreme Court in Germany. Judge Meier-Beck started at Dusseldorf District Court, then moved to the High Court, and currently he is a judge of the IP section of the Federal Supreme Court of Germany. I have read the thesis on the interpretation of claims and damages that he wrote. Before I met with him, I already knew who he was and I had read his papers in advance, so it is my great pleasure and honor to be able to sit on the same panel discussion with him today. He is an active lecturer and he is a professor at the Center for Intellectual Property in Dusseldorf as I said. Dusseldorf University and the University of Washington are partners, so in may activities we are working together in establishing a database going forward on the case law of Germany, but will be translated in the IP center of Dusseldorf University so I hope that we’ll be able to have a more active collaboration going forward.

Now, we have these three panelists. After these panelists speak we will have two Japanese discussants to follow. The first commentator is Mr. Mimura. Judge Mimura is now at Tokyo High Court, but for a long time, he was with Tokyo District Court, and since the inception of the IP Court in Tokyo High Court, he has been very active as an IP judge and he is a very esteemed and well known IP judge in Japan. After that from the academic perspective, from Waseda University, Professor Takabayashi will make a comment and the comments will be followed by a panel discussion.

Dr. Fysh: Konichiwa ladies and gentlemen. Good afternoon. May I first of all, like the other speakers, say what a great pleasure it is to be here in Tokyo. And to thank Professor Takenaka and Professor Takabayashi for inviting me here. It is my third visit to Japan and I can tell you that I have been enjoying every minute of it, as I have in the past. Now I am going to say just a few things because I have only 20 minutes in which to say it. I put in my notes, which you have translated before you, pretty well, everything I want to say, in a very short space. You will see that there is a section on history. You will see that there is also
a section on impact in the United Kingdom. As professor Takenaka said, the reason that I am speaking first is perhaps because the Enforcement Directive is having less impact in the United Kingdom and Ireland, perhaps, than in any other countries. Let me say this by way of a beginning. In the European Union, there are rather few common law countries. The most important one is the law of the United Kingdom. Although the law of Scotland is important, it is quite different, all the while, it is still a common law country. Next is the Republic of Ireland. I am a member of the Bar in the Republic of Ireland as well as in England and Wales. Also, do not forget Malta and Cyprus, small countries, but nonetheless, common law countries.

Secondly, our system -- We have had a Patents Court in London since 1949. A specialist patents court. It deals exclusively, or on an exclusive basis, with patents and designs of all kinds. In practice, it also deals with trademarks, with copyright, with passing off, with breach of confidence and with one or two other IP causes of action -- databases and so on. Although, in the latter cases, they do not have to go to the Patents Court. Patents and designs must go to the Patents Court.

Then in about 1995, my court was founded with a view to taking up cases from smaller entities, smaller commercial entities and in our country, litigants in person who are entitled to bring cases themselves. The idea was to save costs because, and I may say this again, you will forgive me, the costs of IP litigation in common law countries is very high, indeed, and it has been my job as a judge and the other judges also to try to bring it down. So, we have two kinds of initial court. The Patents Court which is on the high court level, and the patents county court, of which I am in charge, I am the only judge, for the whole of England and Wales. I also sit as a High Court judge. I am made a High Court judge on a permanent basis to help the High Court judges. From both our courts, the cases go to the Court of Appeal where we have another patents judge, Lord Justice Jacob and from there, with leave and exceptionally, to our top court, the House of Lords, where there is another judge, who is extremely able and competent at patent matters, named Judge Hoffman.

We have a specialist patent bar. We have got judges, me and three judges in the High Court, and Robin Jacob in the Court of Appeal, who are all ex-scientists of one sort or another. I am an ex-chemist. I did a degree at Oxford in chemistry, and I began a researched degree and realized that I was no good as a chemist, and decided to do law instead. Anyway, I seem to do OK at law. In Ireland, there is not such a system because until recently there have been not many IP cases but now there is a commercial court in Ireland, and you’ve heard about it a bit this morning, that is beginning to take cases and the system there is, as the same in London, the law is very similar, but there is not so much work. All patent judges as I say are scientifically qualified. In patent cases, we try infringement and validity at the same time. I mean assume that there is a counterclaim to attack the patent. That does not always happen, of course. We believe that the two should be heard together because the construction of the claim is an interactive component of both parts of the action. The claim and the counterclaim, at the middle, “What does the claim mean? What do the claims at issue mean?” You have to construe them and of course, as I am sure as most of you know, when you construe them, the claimant, or plaintiff must not construe it to widely so as not to cover prior art, and on the other hand, the claim must not be construed too narrowly, or you may miss
the infringement. It is a classic squeeze. And that is the reason that I think it is most realistic to have both actions heard at the same time.

Now also by way of introduction, I will say this. We do not deal with damages at the trial on validity or infringement, in other words on liability. We believe that to do so would be potentially a great waste of time and money. Many cases do not go all the way. Many cases of course, are settled, and in a number of cases, of course the plaintiff loses. So if you are running a damages case as well as a liability case at the same time we believe you can waste a huge amount of money.

May I add this? When the plaintiff, when the claimant has won his case and he gets the relief that I am going to talk about now for the rest of this fifteen minutes that I have left, if he goes for damages, it becomes in effect new mini trail on damages. This can be costly. If you think lawyers are expensive, you want to look at the bills of forensic accountants. They are even more expensive. So what happens? After win/lose, most cases settle, and that is an important statistic as well. Very few cases go a full enquiry as to damages or an account of profits. Very very few.

Having said that, ladies and gentlemen, by way of introduction, would you now like to get your song sheet out? And, that will be the Directive, because I will go through each of the articles and tell you what has or, more likely, what has not happened in the U.K. and Ireland. But first, just look at my paper – Paragraph 3. I have listed (a) to (k) the relief which a successful claimant can expect. I will just go through it.

A declaration that the right has been infringed. And you can put “Article 15” by that. That is an official declaration, and – it will say something like this it forms part of the court order. It declares that patent 123456 has been found valid and infringed and the claimant or plaintiff can do what he likes with that. He can put it up on every wall in the kingdom, but very often, it is just published in the technical press. An appropriately drafted injunction against the defendant, to prevent repetition of the wrong (Article 11). “Note appropriately drafted.” We must be very careful about the wording of the injunction. Sometimes it is simple, an injunction to “prevent infringement of patent 12345” and in cases of other intellectual property rights sometimes it has to be very carefully drawn. Why? Because if something goes wrong, if as happens the defendant decides to try and get around the injunction, which he is entitled to do, although he takes a risk, he is perfectly entitled to say “I am not working within the words of the injunction.” Now, if he is wrong, he is in for big trouble. Big trouble in the sense that he can be fined a lot of money for disobeying an order of the court. If it is a corporation, the assets can be seized and sometimes if he does it twice, he will go to prison and that is serious. So therefore, ladies and gentlemen, you will see it is important to have the injunction drafted very carefully.

The next one, disclosure of documents. That is Article 8; I will come to that in a moment. It says what it says so as to enable an election in (c) to be made. Now (c), which I have not mentioned, is damages. Our system, and I will discuss this because I think it is the only important consequence of the Enforcement Directive. There was always an election between on the one hand, an enquiry as to dam-
ages, which I mentioned a moment ago, and on the other hand an account of profits. In copyright infringe-
mement cases, there was also the possibility of what we call additional damages in light of the seriousness of
the infringement. Now the limited disclosure was meant to enable a successful plaintiff to decide which
to go for -- an inquiry or for an account of profits. Then there is interest – that is not mentioned in any of
the remedies that the Enforcement Directive is concerned with. Interest on any sums awarded. That
follows the general rules of the court and all are appropriate tables of interest that accrue to damages
outstanding. Interesting questions of law may arise as to when the interest should run from but that is
beyond the scope of the present enquiry. Delivery up or destruction of all of the infringing goods speaks
for itself. That is Article 10. Obliteration, that means rubbing out of infringing trademarks. Now some-
times that is also Article 10. Sometimes you see that you do not want to destroy or deliver up an article
if it still can be used in commerce with the offending trademark for whatever index is in issue is removed.
Information about suppliers. I will come to that. That is self-explanatory. Costs, very important payment
of a proportion of the claimant’s costs within fourteen to twenty-eight days – I will explain that. And
publication of the result. Now those basically are the remedies which a successful plaintiff can expect in
the United Kingdom and Ireland and Malta and Cyprus. So what has the Directive done? In our case very
very little. We have had all these remedies for between one hundred and one hundred and fifty years. I
believe that this is part and consequence of the common law system which, in this respect, evolves. It is
not codified, and there is with the judge a considerable degree of discretion and capability for indepen-
dent action within the law. And therefore, I think this is why I have been put on first because I have so
little to say. But you will see that I have something to say at any rate.

History -- I have written out some of the depressing history of this Enforcement Directive. It
started in Brussels, in my respectful view, drafted by people who knew absolutely nothing about intellec-
tual property at all, but who were mesmerized or focused or not on the harmonization mantra. Harmoni-
zation, harmonization, harmonization, harmonization. And they completely forgot that they were talking
about intellectual property. They imagined that counterfeiters and pirates would get together in let us
say, Estonia, and say to themselves. In Estonia, they do not have very good injunctions. Therefore, we
are going to infringe in Estonia. Therefore, the market will be distorted. Therefore, there should be har-
monization to prevent the distortion of the market. I regard that as nonsense. But we now have the Di-
rective and after a long fight, and you will see some details here, we managed to get something. Now, the
first thing I say is this. Originally, there were criminal provisions. That has now vanished and we no longer
have criminal provisions. If you would like to get your Directive out, that was abolished under Article 2 (c).
Any national provisions in member states related criminal procedure -- not effective. Now there is in
theory meant to be some process going on to get the criminal side going again. However, it has not hap-
pened.

Now Article 3 is important because it sets out general obligations. It is a beautiful piece of English,
but like so many beautiful pieces of English coming, or indeed German or French or whatever. From
Brussels, “Does it mean anything?” We shall see. But you can see that the basic idea is to cut down on
piracy and counterfeiting and also to make sure that the IP is effectively enforced. Now next we have
Article 3. Have a look at Article 3 “parties.” This should come as no surprise to anyone, but look at num-

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ber (b). All other persons authorized to use those rights, in particular licensees. Now this is new because arguably this covers not only exclusive licensees but also non-exclusive licensees.

Collective rights management, those are the collecting societies for copyright purposes and professional defense bodies generally recognized as having the right to represent holders. The British government said, “No we’re not having that” because they do not all own the rights. Remember collecting societies own the rights of the performance.

Article 5, presumptions. This speaks for itself but there is a new presumption in favor of performing right. But remember ladies and gentlemen, this is really something which you ought to take carefully because it says that in the absence of proof to the contrary – do you see (a)? So what happens is in the pleadings in the case you put in issue the ownership and that is the end of that.

Article 6. This is disclosure of now I have dealt with that already briefly in my paper. You will see that disclosure is hugely important and in the United Kingdom and Ireland, we have had it for years and years. We are cautious the claimant or plaintiff is not allowed to go, on what is called a fishing expedition. No fishing expedition. You have to show that the information that you want exists, that it relates to an infringement, that have a good reason to collect it.

Article 7 this is measures for preserving evidence. You all, I assume, have heard of the famous Anton Piller Order. This will be given, usually ex parte, that is to say, in the absence of the defendant, where it is feared that the defendant will make off with the evidence once the claim is brought. You have to show there is good reason for that and note the provisions as to confidentiality and then to the cost undertaking as to damages.

Article 8 right of information. When the plaintiff is successful he as a right to know where the infringement comes, where it has gone to, and information about it including documents and so forth. Some care has got to be taken about what use under the common law system is to be made of these documents. You cannot say, “Ah, brought it from Hong Kong, did you? Right I will bring the case in Hong Kong.”

Article 9 interlocutory proceedings and Mirevas. No problem. Those are very well known. Freezing bank accounts. We had those for many years. Ex parte applications, again no problem at all. We have had them for many years.

Article 10 corrective measures, recall from the channels of commerce. Definitive removal and destruction or obliteration. Those speak for themselves. We have had them for many years. At the expense of the infringer may be new.

Article 11 remember, companies and directors can be injunctioned.

Article 12, innocent infringement needs no explanation. Damages slightly different -- we now have
a slightly different damages provision. It is arguable whether you can get an account and in addition, an inquiry as to damages and that in the latter case is usually awarded on the basis of reasonable royalty. This was literally written from the Directive. It is what we call a cop out approach and to tell you the truth ladies and gentlemen, the draftsman of this provisions said to himself “I don’t know what this means I’ll make the judges decide,” so they just wrote it in and there’s been no decision yet. Costs follow the usual orders as to costs for a successful claimant and the costs can be very big. We have got procedures in the United Kingdom to try to minimize costs but nonetheless, a successful claimant is entitled to costs. So you see at the end of the day, the changes as far as the United Kingdom is concerned are minimal. I am sorry to disappoint you. Thank you for your attention.

Dr. Muscolo: Thank you Toshiko. It is an honor and a pleasure to me to be here at Waseda University and in the beautiful city of Tokyo(It is my first time in Tokyo) to compare and to share my experience as an Italian IP judge with Japanese, American and European academics, litigators, colleagues and judges. The globalization of markets also means an IP global litigation that requires a minimum, not a mantra, but a minimum of harmonization among legislation and uniformity of case law, but also, calls for a new model of specialized and international IP judge. My brief contribution to this panel will focus on three main points: the Italian specialist courts for IP litigation; the main ordinary, and urgent procedures to protect IPRs in Italy, and what is special in the case management of an IP case, particularly in the investigation phase.

Implementing the EC regulation on Community trademark and Community design, Italy has established by a legislative decree of June 2003, twenty-four specialist divisions, specialist sections for IP and competition law litigation. Twelve in the main district courts, the first degree courts, and twelve in the main courts of appeal such as Rome, Milan, Venice, Turin and so on. The sections in these courts are composed by a minimum of six skilled judges who sit as a single judge in the investigation phase when he or she grants urgent measures, and sit as a panel of three judges in the decision making phase and when they decide on the challenging of an urgent decision.

Italy has recently adopted a new Intellectual Property Code by another legislative decree in February 2005, and this code also rules on the competence of the specialist divisions that have competence on patent cases, both national and European patents, trademarks, Community, national, and international trademarks, copyrights, trade secrets, unfair competition and anti-trust law cases.

The new Italian IP Code also provides for main ordinary trial procedures and urgent procedures to protect IP rights, implementing the EC Enforcement Directive and TRIPS. I make a rapid list of main ordinary trial procedures: (1) declaration of infringement, or declaration of no infringement; (2) definitive injunctions for preventing infringement and counterfeiting; and (3) nullity actions. In Italy, both infringement actions and nullity actions are filed before the same specialized panel. I focus now on Article 125 of the IP Code, that provides for action for compensation of damages. Action for compensation of damages are increasing in Italy. In our continental law system, damages are only compensatory damages. Three criteria are provided for compensation: the loss of profits of the IPR owner, the profits of the infringer, and the amount of royalties -- negotiated royalties or reasonable royalties. Also, a lump sum may be calcu-
lated by the court if such is the case.

I move now to urgent procedures, which statistically are very frequent in Italy, and in my opinion very suitable for the settlement of IP conflicts. They are characterized by full freedom of forms, by a due process of law, by speedy decision, and most of the urgent procedures are also characterized by stability, which means that even if an ordinary trial action will not be filed by a certain deadline, the provisional measure will not lose it effects. The main urgent procedures are (1) preliminary injunction; (2) seizure; and (3) orders for securing evidence. These are very important urgent procedures in the framework of solving the question of access to proof. Article 128 provides for description orders and Article 129 for seizures, both of items infringing the IP rights and means used to manufacture them.

Moving to case management of IP cases, we are all aware that IP conflicts are fact intensive. The IP judge is mainly a judge of the fact. I deal with technical facts when I judge on patent validity, on infringement by equivalence or when I calculate damages. In this framework the investigation phase and the collection of evidence is an essential phase in IP litigation. We, IP courts and litigators, have to take into account that the parties often have asymmetric information about the relevant facts in an IP case. We have to face the problem of access to proof to the evidence. The trial procedure provides some special rules that do not reverse, but weaken the burden of proof taking into account or partially solving the question of access to proof. The first one is Article 121 of the IP Code, and 156 of our Copyright Law that implements TRIPS and the Enforcement Directive and provides discovery. A sort of European discovery, less extreme than U.S. discovery.

The second special rule is Article 121, paragraph 5 that rules on the powers of the experts appointed by the court. The experts can receive documents regarding contested questions, even though these documents have not been filed before in the proceeding, disclosing them to the parties. Disclosure of information surely is an effective mechanism to overcome asymmetry in the parties’ difficulties in access to evidence, but may also affect confidential information and trade secrets, and we have to balance IPR protection with confidentiality protection. Both the TRIPS Agreement and the Enforcement Directive provide that the courts, during discovery and disclosures, have to preserve confidentiality of information. Italian IP Code Article 120 bis. and Article 156 of Copyright Law provides for safeguarding of confidential information; specially, certain Italian specialist divisions, the court of Venice and the Court of Turin have a jurisprudence about the means for preserving trade secrets and confidential information. The expert appointed by the courts to execute a description order, or the court granting a discovery order, can seal a part of the information that is confidential and is not directly relevant for the ascertainment of the facts of infringement. Even if confidentiality has to be distinguished from privacy in itself, it is worth mentioning a recent European Court of Justice decision in January 2008.

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The Court of Justice requested a preliminary interpretation by a Spanish court. The Productores de Música de España case stated that the member States have no duty to provide for discovery in civil, not criminal, civil litigation in copyright cases enforcing copyright, if discovery violates the privacy of the parties. This decision is binding for European Courts and the Rome Court has quoted this decision, in a
case of an action filed by copyright owners against Internet providers, not granting the discovery order of disclosing information about consumers involved in file sharing, justifying it on the grounds that disclosure would violate consumers’ privacy. Now, I move to my conclusions. My conclusions are on three points.

The first point is in private IP litigation we have already reached a good standard of harmonization in legislation, but in my opinion, this is limited to substantive rules. I would underline the importance of harmonization of procedural rules. Waiting for this harmonization, that may be utopian, we can rely, in my opinion, on a set of best practices to be shared among international litigators and judges. Best practice may be very effective in this field.

The second point: we have reached a good standard of harmonization in legislation, but I would underline the relevance of a higher standard of uniformity and predictability of case law in Europe and all over the world.

The third point is that no harmonization of case law is possible without the establishment of a new and different model of IP litigator and judge: specialized international well-trained one, using a networking of litigators and judges, and in this aim I think that the Waseda Conference is a useful and precious experience. Thank you for your attention.

Dr. Peter Meier-Beck: I am very happy to visit Tokyo again today. I am sorry but allow me to speak in English. I would like to start with the TRIPS Agreement. This is because the TRIPS Agreement is the basis of the Enforcement Directive, at least of several provisions of the Directive. And before the Directive was implemented, German courts began interpreting German law in accordance with that Agreement. The TRIPS Agreement preamble says that member states agree in the treaty, desiring to reduce distortions and impediments to international trade, to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.

The Agreement’s Article 7 repeats these objectives. The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation, and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and to a balance of rights and obligations. This balance of rights and obligations is a crucial point. It does not only mean achieving the proper balance of patent and IP law and freedom of competition. It does not only stand for promoting intellectual property rights on the one hand, and protecting industrial production and trade relations against any restrictions on their free economic development on the other hand. Rather, this balance is a core issue of patent law and IP law itself. In the following, I will focus on patent law, the same more or less applies for other IP rights.

The grant of a patent confers the exclusive rights on its owner. These rights are not designed to restrict competition, but to organize competition in a manner which allows the optimum development of
competition forces. In other words, patent law has a competition-controlling function. Therefore, all
depends on the proper functioning of this competition-controlling function which gives the patentee what
is his exclusive right, but does not obstruct legitimate competition. Despite the TRIPS Agreement, there
were major disparities among the member states of the European Community with regards to the means
of enforcing intellectual property rights. For instance, the arrangements for applying provisional mea-
sures which were used to preserve evidence, the calculation of damages, or the arrangements for applying
injunctions varied from one member state to another. In some member states, there were no measures,
procedures and remedies, such as the right of information, or the recall at the infringer's expense of in-
fringing goods placed on the market. The latter, for instance, was unknown in Germany. In the recitals of
the Directive, the disparities between the systems of the member states as regards the mean for enforcing
IP rights were seen to be prejudicial to the proper functioning of the internal European Market and hinder
intellectual property rights from enjoying an equivalent level of protection throughout the Community.
This could, at least it was said in the Directive, cause less investment in innovation and creation. Ap-
proximation of the legation of the member states on the enforcement of intellectual property rights was
therefore taken for an essential prerequisite of the proper functioning of the European Common market,
that may be a mantra as my learned friend Michael Fysh said, but that is why the European Community
decided to ensure effective enforcement of substantive law on intellectual property by a Directive. The
member states had to implement the Directive by April 29, 2006. Unfortunately, Germany did not meet
this deadline, but implemented the Directive into German law last year as far as it was necessary.

As I have said before, the objective of the Directive is to approximate legislative systems to ensure
a high equivalent and homogeneous level of protection in the internal market. According to the general
obligation of Article 3, member states shall provide for the measures procedures and remedies necessary
to ensure the enforcement of IP rights. Those measures shall be fair and equitable and shall not be un-
necessarily complicated or costly or entail unreasonable time limits. They shall also be effective, propor-
tionate, and dissuasive and shall be applied in such a matter as to avoid barriers to legitimate trade and to
provide for safeguards against their abuse. This provision echoes the preamble and Article 7 of the TRIPS
Agreement I mentioned at the beginning. No corresponding provision has been implemented into Ger-
man law. But, Article 3 of the Directive is to be used to understand and interpret the provisions of German
law. That means the German Patent Act and other IP laws, as well as the Code of Civil Procedure. Their
relevant provisions are to be interpreted in accordance with the aims of the Enforcement Directive. This
is why Article 3 of the Directive and the corresponding provisions of the TRIPS Agreement remain very
important for the application and interpretation of German as well as other national law. Another very
important provision, especially with regard to Germany, is Article 6. According to this provision, member
states shall ensure that the court may order evidence be presented by the defendant, subject to the pro-
tection of confidential information. That shall happen on application by a party, which itself has pre-
sented reasonably available evidence sufficient to support its claims and has specified further evidence
which lies in the control of the defendant. The same is said in Article 43 (1) of the TRIPS Agreement.
Section 140 (c)(1) of the German Patent Act and similar provisions of IP statutes, more or less repeating
the wording of the Directive, does now allow such a court order. This is a very important change in the
German legal system. German law does not allow a complete disclosure, but has made an important step

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toward a more disclosure like procedural regime, which so far had been unknown in Germany. Under the condition set up in Article 6(1), in the case of an infringement committed on a commercial scale, the court shall order the appropriate, and upon application by a party, the communication of banking, financial, or commercial documents under the control of the apposing party, again subject to the protection of confidential information. The respective provision is Section 140(b)(1), second sentence, German Patent Act.

Furthermore, according to Article 7, the court may order provisional measures to preserve evidence in respect of an alleged infringement, again subject to the protection of confidentiality. The new provision of Section 140(c)(3), Patent Act, will also provide for such provisional measures. The applicant has to present sufficient evidence, whatever that may mean, to support the allegation that the patent in suit has been infringed, or is about to be infringed. If necessary, those measures shall be taken without the other party having been heard, in particular, where any delay is likely to cause irreparable harm to the patentee, or there is a demonstrable risk of evidence being destroyed. This is in accordance with Section 937(2) of the German Patent Code of Civil Procedure, which in so far did not need any amendment. Where such measures to preserve evidence are adopted without the other party having been heard, the party affected shall be given notice without delay after the execution of the measures at the latest, and a review shall take place upon the request of that party, in order to decide whether the measures shall be modified, revoked or confirmed. Again, Section 924 and Section 925 of the German Code of Civil Procedure say the same. The measures to preserve evidence shall be revoked if the applicant does not institute, within a reasonable time period, proceedings leading to a decision on the merits. The period is to be determined by the court ordering the measures, where the law of the member state so permits, and that is the case in Germany, as section 926 of the Code of Civil Procedure says.

The measures to preserve evidence may be revoked, or subsequently it may be found that there has been no patent infringement or threat of infringement. If this is the case the court shall order the applicant to provide the defendant with appropriate compensation for any damage, any injury caused by those measures. In Germany, Section 140(c)(5) of the Patent Act, provides for compensation in cases such as these. Another point, Article 9 of the Directive deals with provisional and precautionary measures. The court may again, of course at the request of an applicant, issue against an alleged infringer an interlocutory injunction to prevent any imminent patent infringement or to forbid on a provisional basis, the continuation of the allegedly infringing actions. Ultimately, the court shall make such continuation subject to the lodging of guarantees intended to ensure the compensation of the patentee. Those have been possible in Germany for decades in accordance with Section 935 and 938 of the Code of Civil Procedure. The court shall in respect of those measures, have the authority to require the applicant to provide any reasonably available evidence in order to satisfy itself with a sufficient degree of certainty that the applicant is a right holder, and that his right is being infringed, or that such infringement is imminent. That is what Section 922 of the Code of Civil Procedure calls “making plausible and making probable.” Where the provisional measures are revoked, or where it is found that there has been no infringement or threat of infringement, the court shall order the applicant to provide the defendant with appropriate compensation for the injury caused by the provisional measures. That is in accordance with Section 945.
of the German Code of Civil Procedure.

According to Article 8, dealing with the right of information, the court may order that information on the origin and distribution network of infringing goods be provided by the infringer. Such an order shall be available in the context of infringement proceedings and in response to a justified and proportionate request of the claimant. These are very vague terms, but the implementation into German law is not more precise than the text of the Directive. Section 140(b) of the German Patent Act had already been in accordance with that provision before the Directive was implemented.

Hardly unknown to the German law was Article 10. According to this article, the court may order that appropriate measures be taken with regard to goods that have been found to be infringing a patent, and in appropriate cases with regard to materials that have been used in the manufacture of infringing goods. According to Section 140(a), German Patent Act, such measures including the recall from the channels of commerce (Paragraph 3), and the destruction of the goods may be ordered by the court.

Another important and last point is damages. Article 13 relates to this. According to Article 13(1), the court shall order the infringer to pay the right holder damages appropriate to the actual prejudice suffered as a result of the infringement. Every person is liable who knowingly or with reasonable grounds to know, engaged in an infringing activity. That was no news to German law, so no implementation of Article 13(1) was necessary. When the court sets the damages, it shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, suffered by the injured party, and any unfair profits made by the infringer. This is what Article 13 (2)(a) says and it is as my learned friend Michael has said, not very clear. What does “taking into account all appropriate aspects” mean? Is the patentee entitled to recover his own lost profits as well as the profits made by the infringer? Or can the court award the patentee a mixture of lost profits and infringer's profits? The right answer should be that the patentee has to make a choice. He can claim his lost profits, or as an alternative, the profits made by the infringer, but he cannot have both. This is in accordance with established German case law, and as far as I have understood, with established English case law too. According to the Directive, there is a third possibility. In appropriate cases, the court may also set the damages as a lump sum on the basis of elements such as at least the amount of royalties which would have been due if the infringer had requested authorization to use the patent right. Again, this third method of compensation is well known to German as well as English law. It is called “license analogy”.

The wording of the Directive “at least the amount” allows going beyond ordinary royalties. Unfortunately, the German legislature did not explicitly authorize the court to award the patentee damages set at double the royalties, which would have been used had the infringer requested authorization. On the other hand, the revised wording of the provision of Section 139 (2) of the patent act does not bar the court from judging more than the ordinary royalties if they think the higher amount to be the adequate compensation for the damage suffered. Article 13 will allow further harmonization of European jurisprudence as to the assessment and appropriate amount of damages because it is now the European Court of Justice, which will have the final say. Arigato gozaimashita.
My name is Mimura. I am from the Tokyo High Court. I am a commentator today who will be providing a few comments and these are the points I would like to talk about.


First about the current status of IP litigation and infringement litigation. Last Monday, the 12th of January 2009, the morning edition of the Nikkei (newspaper) had an article. Judge Iimura of the High Court made a comment in the article. The number of infringement cases filed is declining in Japan. It is said that there are several reasons behind this. One of the reasons is because now we have a specialized high court and invalidity defenses are allowed, patentees are discouraged from filing a lawsuit because they would not want to see their patents invalidated. In Fujitsu’s case there is already case law in the Supreme Court on the invalidity defense, but for the patentee as well, in order to give better protection to IP rights of patentees, the High Court specializing in IP was inaugurated but it seems that the result, on the contrary, has been a chilling effect because invalidity defenses are now allowed.

Another bulletin is about confusion regarding invalidity procedures. Under the improved multiple claim system, for each claim validity and invalidity is determined when an amendment is made. What is the judgment regarding validity? Since last year, there has been much discussion about this. On July 11, 2008, the Supreme Court issued a ruling on this. Requests for amendment or correction are to be considered for reach claim, but the ruling of the Supreme Court was not clear for other questions, leading to further confusion. Researchers, academics, and Judge Iimura, I am sure, will be discussing this, and that they have different opinions from that of the Supreme Court. The JPO’s response to the Supreme Court ruling, and as to how other issues should be construed, there will continue to be confusion. As Judge Iimura said in the article, there is confusion with respect to what to do. In terms of legislation, patent granting procedures should be made more stringent, and shorter time limits should be given for corrections. Restrictions should be imposed so patent rights are stringently protected, and it is said that perhaps the future direction should be making case rulings more stable. But, there are varying opinions and discussions, and it will take some time to sort this out.

Regarding immediate remedies and preliminary injunctions, I will just like other cases, preliminary injunctions are taking almost as long as full-fledged litigation. Very careful decisions must be made for preliminary injunctions. There is a difference between patents, in copyrights or trademark piracy cases, preliminary injunctions are very effective, but for patent litigation, preliminary injunctions are taking as long as full-fledged litigations. Therefore, in order to respond to this, there is talk of better utilizing customs and border measures, but customs and border measures may not be altogether relevant to patent rights.

Customs officers may not fully understand IP and as far as the operation of such measures is concerned there are difficulties. If injunctions are considered at the border, what are the ramifications to be considered? Litigation could be filed with the Kobe Court if an injunction is given at Kobe Port, but we
only have specialized IP courts in Tokyo and Osaka, so the question would be come what to do if something happens in Kobe. Are we going to keep the current practice of making very careful examinations in the case of preliminary injunctions, or are we going to expedite the process increasing the amount of money involved? The consensus here in Japan is that just because you pay more money, you will not enjoy shorter proceedings.

With respect to protection of confidentiality and trade secret legislation, we have in camera proceedings, confidentiality protection orders, but there is only one case law, however, from the Tokyo Court regarding confidentially protection orders. If it is a preliminary injunction, whether such an order is valid is still being examined. Personally, I think that even if it is a preliminary injunction, confidentiality orders should be issued and be valid. With respect to the calculation of damages, in the case of Japan, the court would order a CPA to perform calculations of damages. This is very efficient. And the defendant’s various statements of accounts would not need to be disclosed beyond what is necessary. As far as confidential information and trade secret, this is a very excellent system, which should be evaluated highly.

Lastly, regarding criminal punishment, I understand that in Taiwan, criminal punishment plays a major role in IP litigation, but here in Japan, criminal punishment does have deterrent effect in the case of piracy of patents and so forth, but in the case of other infringements, this is not providing sufficient deterrence. Every time legislation is amended, the issue of increasing punishment is discussed, but this is more in relation to customs and border measures. As part of customs measures, prohibited goods must be prevented, for that criminal punishments and penalties are imposed. That seems to be the tendency. Even where there are criminal penalties, what should be prevented should be prevented. Customs authorities’ thinking perhaps should be modified in that regard. Because it is a different regulatory authority, we are vertically organized, and it is difficult to share the same understanding, it seems. Here in Japan, for the issues I have outlined, going forward, discussions will continue. For the remaining challenges, treble damages, double damages – whether we should adopt such thinking, there are still controversies. In the interest of time, these are the issues that I wanted to highlight. Thank you very much.

Dr. Takabayashi: I consider myself a timekeeper, but today, all of the panelists have controlled their times very well. That gave me some time to comment. As the second commentator, I was asked to speak from an academician’s perspective, but I served for many years as a judge, and I may not fully qualify as an academic, but I would like to try that perspective anyway.

Judge Fysh spoke about common law. Under common law, the Enforcement Directive has less impact. In the U.K., despite the fact that the Enforcement Directive is in place, there is no change. Moral infringement, there may have been some difference as was mentioned, but otherwise, for common law countries there is no significant impact from the Enforcement Directive. That is why the arrangement or sequence of the speakers was determined by Professor Takenaka. Professor Meier-Beck spoke about various changes incorporated into Germany after the Enforcement Directive. The country of Germany has a civil law tradition and I believe that there are many obstacles arising from this common law based change.
In 1891, the civil procedure law was introduced. In the Edo era, a civil procedure law had existed, but a Western style civil procedure law was introduced only as recently as 1891. At the time, Japan referred to the German civil procedure law which had been drafted in 1877, and which at the time was the latest civil procedure law, so in a very small time period, Japan almost 100% translated the German civil procedure law to make it its own. Traditionally, Japanese civil procedure law followed the tradition from Germany, and civil law scholars for many years went to study civil procedure law in Germany.

After the defeat of Japan in the Second World War, there has been much influence from the United States, that is a common law influence, especially that is patent infringement cases, we have been significantly influenced by the United States, and procedural aspects have accordingly changed. Patent law is much impacted by the U.S. and changes in the procedure law are much impacted. This in turn influenced the Japan Civil Procedure Law. Every time the Patent Law was amended, to a degree, the Civil Procedure Law was also amended. As we have seen in the example of the Enforcement Directive, document production orders or protection orders for confidentiality, these are measures that have been newly introduced in the Civil Procedure law in Japan as well.

In the Global COE program, we are looking at Japan, which introduced various Western legal systems and how it adopted these Western legal systems, and how it created its own legal system. This Japanese legal system can now be introduced to other countries to serve as a reference. That is the focus of the Global COE, and I believe that the area of today’s discussion is particularly pertinent. Japan introduced a civil procedure law from Germany but the laws in Japan gradually changed, and the origin of the civil procedure law in Japan, Germany, is also undergoing a change as a result of the Enforcement Directive, and in that sense, we may be able to offer our impression from lessons learned from having been impacted from a common law regime.

I feel that there is a difference – for example the discovery system. Judge Fysh talked about the discovery regime, and this is a system that allows for a very wide ranging collection of evidence but in Japan, the plaintiff or claimant first is expected to collect evidence as much as possible. That is the rule in Japan. In Japan, without rejecting this rule, still allowing the claimant to ask for the counterparty’s evidence then trade secret included, secrets must be protected while at the same time there must be an effective disclosure of information. So secrecy protection measures were introduced, and in camera procedures were also introduced and prohibition of keeping confidence for records measures was introduced in a series of amendments. So, the Japanese system is, in principle, maintaining a civil procedure law that was introduced from Germany, but in areas where it is difficult to collect evidence for infringement involving patentees, changes have been made in Japanese law in order to respect the rights of patentees and other rights holders. Judge Mimura’s work is to use Japanese law and from Italy, Germany, the U.K., from the United States, and from Japan we have speakers from these countries, and we also have scholars as well to have a panel discussion. Thank you.

Professor Takenaka: We are going to start the panel discussion, but before we start the discussion, I would like to ask each panelists if he or she has any comments or questions for any of their fellow speak-
ers. Are there any comments or questions?

**Dr. Michael Fysh:** I have none.

**Professor Takenaka:** You have none. Thank you.

**Judge Muscolo:** Thank you Toshiko. I have a brief comment and a question for the other panelists and commentators on the point of confidentiality. The question of confidentiality protection does not arise only in the investigation phase and in discovery orders for disclosure of facts or information. In my opinion, it also arises in the decision making phase. In this case, the problem is more difficult to solve, because in the investigation phase, the trade secret may be violated only in the face of the counterparty or intervening parties and we can find means to prevent or avoid this violation. But, in the decision making phase, the court has the duty to justify the decision also on the ground of facts and information. If these facts and information are relevant, and have been acquired by a disclosure order, a description order, or a seizure order, violating trade secrets what is the solution? How can we solve this problem? This is a question to the panelists, commentators and audience too. Thank you.

**Professor Takenaka:** So, is there anyone who would like to comment or answer Judge Muscolo's question?

**Dr. Meier-Beck:** That is a general problem. The Directive and German law say that confidentiality must be protected, if necessary. But it does not say why, or in which way we can do this. There are no special procedures, no statutory rules about special procedures in order to protect confidentiality if necessary, so the law leaves it to the courts to develop procedures and rules in order to cope with it properly.

**Judge Fysh:** May I make a comment here? This question of confidentiality comes up in many patent cases, particularly in cases involving chemical processes in which the defendant typically thinks that he has made an improvement, a non-infringing improvement over the claimed process. So the difficult question arises of where and how am I going to get this information before the court, and yet prevent it from getting out to the public at large and more importantly, not letting it be known to the other side? This is a classic problem. So what we do is this. We establish, or I do as a judge, and other judges have done this in the past in the U.K. and Ireland, a “confidentiality club.”

Now what is the confidentiality club? Disclosure will be initially to the lawyers on the other side, that is to say the advocate, in the case of Brittan and Ireland, the solicitor and very often to the patent attorney. That will be the initial disclosure. That may be enough. Then what happens is I then give leave, should there be a problem, for the parties to come back to court to ask for wider disclosure, but they have to justify it. I mean the defendant, typically. Normally at this stage, somebody like the in-house patent attorney or the managing director is brought in and has said look, “I have got to be a member of the confidentiality club because my professional advisors lack the expertise properly to decide on the issues.” Then, that is usually enough. The managing director or the in-house patent attorney then signs a form,
that is to say not a printed form or anything, but we devise a form of confidentiality undertaking, which is given to the court. If he disobeys this, well, as we say in English “He is for the high jump.” That is to say a big fine, possibly imprisonment, and possibly reporting to his professional association, if it is an in house patent attorney. We have a famous old case, it is the case of Warner Lambert, in which a famous judge in our court of appeal said, “It is done in stages. The door is never closed.” So confidentiality club, initially limited disclosure, see what you can do with it. If there are problems come back to the court, have another go, and see where you go.

**Dr. Muscolo:** The confidentiality club works very well during the trial procedure, but what about the end of the trial procedure, when you have to grant a decision, justify the decision on the ground of facts, and part of those facts are trade secrets? In this case, you have to enlarge the confidentiality club to the general public, because the decision has to be published. This is a problem that arises in the decision making phase because we have a constitutional duty to justify the decision, that also is with regard to justification in fact, as the legal reasoning is in part in fact.

**Justice Fysh:** The way we deal with that is this. It depends of course on what the confidential information is. Sometimes it is figures like sensitive research figures, money, or the amount of people involved in a project. In a document, for example like an agreement, what we do is the agreement is published but the actual figures are deleted. They are redacted, taken out from the thing, so that the reader can, for example, look at an agreement and make his decision on the terms of the agreement which usually do not involve a requirement to know the amount of money. Or, in a technical document, the fact that the hydrochloric acid is kept at 32.5 degrees centigrade for exactly 22.5 minutes, and then subjected to a centrifuge running at 3,320 revolutions per minute. You can get rid of all of those figures. That is usually enough. But if there is a process, and this does happen, in which the whole process is more or less secret, then what I have done is I have attached to my judgment two annexes. Annex A is a simplified form of the process, and I tell the people, that is to say the litigants, to get together with their professional advisors, and write a form of process that is not objectionable. As Annex B, I have the whole process, and that is a confidential annex and it is not available to the public with the publication of the judgment and if a member of the public wants it, he is entitled to come to the court and ask for an order, with justification as to why he wants to see it. And of course, he is usually in a bit of difficulty because he wants to use it himself and of course, that would be unjustified.

**Dr. Meier-Beck:** The confidentiality club is the model that the German courts, at least the Dusseldorf courts more or less adopted from England and because we are used to having court appointed experts, the court appointed expert is integrated in this model and the court appointed expert will have a look at, say a manufacturing process in suit and will draft a report, an opinion establishing the facts that he has seen. Then the court will decide which parts of the report need to be treated confidentially. That will mean that only the lawyers are allowed to read and discuss this, and they are not allowed to tell the party the confidential parts of the expert’s report.

**Dr. Takenaka:** So I think that I am understanding that your practice is usually experts are patent attor-
ney because patent attorneys are bound by malpractice and professional obligations.

**Dr. Meier-Beck:** Yes, as far as I know the expert is a patent attorney, but not a patent attorney of one of the parties.

**Dr. Takenaka:** Yes, an independent third party.

**Dr. Meier-Beck:** Yes.

**Judge Fysh:** And of course, his reputation depends on reliability and if he goes off and tells somebody, then he is very unlikely to ever be employed again.

**Dr. Takenaka:** The Japanese system is similar with respect to the way sensitive information is redacted from our judgments. Judge Mimura may explain.

**Judge Mimura:** In the case of Japan, as I talked about earlier, we do not often use an order for confidentiality protection. However, by way of protecting confidentiality, reporting to a third party and among the parties involved, in two cases the protection is strictly done. But in terms of procedure, I would like to explain. Evidence preservation is done under Japanese Civil Procedure Law, but there is no legally binding power. So at that stage confidential protection is not provided. Having said that, in the case of a court trial, the other party’s related goods and document production, in abstract terms there is a definition for such a production of documents, but that excludes trade secrets. Before we had the order for confidentiality protection at the court, a part of the information could be withdrawn. In that case, you would have to say that the information has nothing to do with the claims. In that way, you are able to get necessary information. That is how we have been making efforts for protection of confidentiality. In some cases, among the parties involved, in private there could be an agreement to be signed among the parties after the lawsuit has begun.

Therefore, in that way, in private a contract can be signed for the disclosure of information. But now we have the order for confidentiality protection, but it is not used, that is because there is a criminal penalty involved. Therefore, this is too restrictive or strict. This is used as a deterrent for penalty, and therefore the business managers, employees, and patent attorneys to be protected from the order, but actually, this order is not necessarily neutral. Information disclosed to the parties involved. However, there is a criminal penalty in place. Therefore, it is very difficult for users to resort to such an order. Independent third party group, if there is one as such, then it is easier to use that and that discussion has been had in Japan. In any case, expert type appropriate persons may not be available, that is a little bit of background. And also in relation to judgments, there is a relationship between the parties involved and third parties. However, in terms of confidentiality protection, a party involved should not disclose information that is confidential which has been disclosed in the proceedings otherwise he will be punished or fined, and therefore other people are not able to access information which is considered confidential. In the case of judgment, the order for confidentiality protection was not utilized. Actually, the prohibition of
disclosure of information is usually included in the judgment. Therefore, in major cases, I myself have experienced that a portion of confidentiality can be guaranteed in an appendix, as Dr. Fysh has mentioned earlier. Even if you do not read the appendix, you will be able to understand what the judgment is, and the appendix will not be disclosed to the mass media either. That is what we have been doing. Subject matter for the confidentiality protection can be included in the appendix rather than in the main body of the judgment.

**Professor Takenaka:** I would like to invite speakers from the first part to ask questions or make comments if you would have any. Is there anyone who would like to ask a question?

**Mr. Elmer:** Confidentiality is a huge issue in U.S. litigation because of the extent and scope of document production, both paper and electronic, and I have never been involved in a patent case where we did not at the very beginning enter into a protective order. Usually, the parties will agree before the first request for the protection of documents has been set out, they usually will enter into a protective order and it usually will include all counsel, on both sides, the advocates. Usually, but not always, it will include in-house counsel. Usually, it will include your technical experts who are going to have to have access to the documents, paralegals and staff. There are often time where there are tiers or categories of documents. I used to think that that was terrible because producing documents is a terrible task, especially when you have huge cases with literally, not thousands but larger numbers of documents because, once you have tiers, you must stamp those documents. You must assign a flag to them, and to my way of thinking, I always like the simplest protection order possible. Frankly, when the case goes to trial, and in trial it would usually boil down to about one hundred documents and you go through all of this stuff, and when you get to trial, there are certain documents that are important but basically, it goes out the window. A trial is a public hearing and there are not many judges who would close their courtroom and preclude having public access to documents. Once you get to trial, it is a very different story, and this is a huge issue to be negotiated between counsel at the pre-trial conference, what you are going to do with that stuff, and it is a tremendous expense in cases.

**Professor Takenaka:** Any questions or comments?

**Dr. Straus:** I have a very pedestrian question. I am a co-editor of one of the largest legal journals in the area of intellectual property, and talking about confidentiality, I have a question. Is there an idea that let us say, in the future, you will disclose the names of the parties? Because, lets say whatever is very normal all over the world is not normal at least in our country. You are working always with catchwords, and it is an extremely difficult task to identify the parties, or the cases. That is just a simple question.

**Justice Fysh:** We have to name the parties.

**Dr. Straus:** Yes but, in Germany you would never find this. Going and getting the information from the court, the parties are anonymous.
Judge Fysh: Yes, you can only get the names in common law jurisdictions if the party is a minor, a child.

Dr. Straus: Usually in patent cases, they are not minors.

Judge Fysh: This must be true.

Dr. Meier-Beck: It is a German tradition to anonymize the parties, but I am not convinced that it is really necessary, especially in patent cases. Of course, you know at least the claimant because you can read the patent number in the judgment and then you can go to the register of the Patent Office and you can see who the owner of the patent is.

Judge Fysh: That is the same with a trademark or a design.

Dr. Straus: Yes but nevertheless, we have this problem, at far as Germany is concerned.

Dr. Meier-Beck: I try avoiding having more anonymizations than necessary. More than the name of the parties, which is more or less considered to be necessary, but all the other details are included.

Dr. Straus: This is a very German discussion.

Dr. Meier-Beck: Yes it is.

Dr. Straus: But if you have a case involving a professor’s invention, and you have some wording about the stabilization of the knee, you have no idea about the case. You have no idea about the parties.

Dr. Meier-Beck: Yes. In any case, you should avoid creating a misunderstanding regarding the background of the case because you have fewer facts to understand what the decision is dealing with. On the other hand, now we made this step toward a more disclosure friendly system. Nevertheless, I think the normal German patent proceedings will need no disclosure. Most future cases you will be patent proceedings has we used to have them. The plaintiff will describe the device which is attacked as patent infring- ing, and no disclosure is necessary. I think that there is a small number of cases where we have this instrument and this will be useful, but we will not have the same system as for instance the United States have where disclosure is more or less mandatory. We think that for our procedure it is not necessary, and only when we have a special case where the plaintiff needs more information that is available to him, we have to talk about special measures, disclosure, whatever. But I think that in ninety percent of cases we will stick to our traditions and get it without disclosure.

Professor Takenaka: I see.

Professor Takenaka: Am I correct that often times preliminary injunction procedures are used to obtain
information?

**Dr. Meier-Beck:** Yes, if necessary: normally only proceedings on the merits take place, but it is a preliminary procedure which discloses necessary details.

**Professor Takenaka:** I think that the European preliminary injunction procedure is much quicker than the procedure in Japan, which Judge Mimura explained because here in Japan, preliminary injunction judgment and preliminary injunction order and judgment on the merits often issue simultaneously so therefore it is not preliminary in that sense.

**Dr. Meier-Beck:** Yes, preliminary proceedings are relatively fast.

**Judge Muscolo:** A comment on Michael's comment on confidentiality and disclosure. Comparing the U.S. and the so called European discovery, Michael has underlined the question raised by the broad scope of discovery in the U.S. If I understood correctly, the problem is the huge amount of documents that the defendant has to produce. In my opinion, the discovery problem in Europe is reversed, because one condition of our discovery is the strict burden for the claimant, also the claimant for discovery, to identify documents to be disclosed. So the problem may be a different one, always the problem of access to proof, because the burden of proof is weakened by the rule on discovery. But if I have the burden of indicating documents which are useful, which constitute evidence of the fact I have alleged, maybe I am not aware. I do not have information about which documents may be useful to me. I understand perfectly that there is the problem of avoiding a fishing expedition Judge Fysh mentioned, and generally speaking, the abuse of right, because we can also think about an abuse of right of evidence. But where is the very point of the balance in this case?

**Judge Mimura:** Well if I may supplement a few comments regarding identifying the names of the parties, here in Japan, if you look at the website of the Supreme Court of Japan, you will be able to see judgments and rulings by the court. That started with cases regarding IP fifteen years ago or so. All kinds of IP related rulings must be disclosed on the website, that was the decision made, and ever since, judgments, rulings, including the names of parties are disclosed or published on the Court’s website and several years ago, other types of cases or rulings are posted. That started a few years ago for other cases or matters. For non-IP cases, there were questions raised that perhaps names should not be included in the rulings. In response to that, on a uniform basis, individual’s names will only be shown in by letters of the alphabet – for example, “X” and “Y” – only the initials. But corporate names and names of corporations are disclosed as they are without masking. So that is how names are dealt with on the website of the Supreme Court. However, regarding information that is submitted to publishers, how are they to deal with privacy and individual names? That is up to their principles and their judgment. For individuals, personal names, some publishers follow suit with the Supreme Court. They mask the names. If you would still like to get the name of an individual, under civil procedure rules, if you file an application with the court, you will be able to obtain the names of the individuals.
Judge Fysh: I am beginning to think on this discussion that this is a common law-civil law problem. I am beginning to think that the reason we publish names is that we use precedents. Can you imagine if I cite a case in my court (pretend that I am advocate) and I say “Would you, your Honor, please look at the cases of 3 hydroxy 4 benzoil 16 napfonilimyde. And there is another one which is 64135-anaylo-B…” I mean that is mad. You say, “Esso against Shell.” I was the editor of our reports of patent cases and I used to have a terrible time with these German cases from Kerbstein to god knows what, trying to put them down. Recurbcurbsome. It seemed to me silly. In the common law system, we take the view that if you are the holder of an intellectual property right, which is after all a privilege granted by the state to the public, it follows that as a member of the public, you must be prepared to let your name appear in the reports – end of story.

Dr. Straus: May I just ask a question, which would be addressing the common law and civil law representatives from Europe. We are talking about the enforcement present and future. Have you as judges thought about the impact that the eBay decision from the United States, clarifying that an injunction is a method in equity in common law of the United States, not of the United Kingdom. Is it the same? Exactly the same? Then this is a question only to the civil law people. Is it, let’s say, a balanced system worldwide, globalized? If a part of the world looks at it as part of equity and in our case it is not a question of equity, it is a question of automatic consequence of an infringement. Will this last forever, or should the Chinese first change their law and say, “This is a question of equity,” and will then the common law switch to something different? How do you see the future in this area?

Professor Takenaka: I would like to mention that an Indian court already cited eBay to reject injunctions, so I am very afraid that this tendency using the eBay decision makes the IP Enforcement Directive as well as the TRIPS Agreement ineffective.

Dr. Straus: Well, why are you afraid? Maybe the common law countries should rethink their approach.

Judge Fysh: In what respect?

Dr. Straus: If it is equitable for you, it should be equitable for all, or vice versa.

Judge Fysh: In our jurisprudence the grant of an injunction is an exercise of the court based on discretion and thus equity. It is inherent in the thing. Sometimes for example, a claimant or plaintiff can win a case but the judge decides that there is no question of a future repetition of the wrong, so he will say in his judgment, “No injunction but you can have damages.” We sometimes do not grant injunctions automatically. It is a question of discretion. Getting back to naming cases, I have often wondered, in commerce if someone sees an injunction granted in favor of a patent or copyright in the name of a big company, such as Toshiba, and you are a little man, you think, “Hmm, I don’t think I will play with Toshiba. They are likely to bite me if I start playing with their IP.”

On the other hand, if the claimant is a litigant in person, or somebody small, you might think, “That
is part of the commercial consideration to bear in mind. Would he sue me?” I have never understood why in many jurisdictions we have this secrecy over party’s names. It is a puzzle to me. When injunctions are granted, an injunction is something that a court does as a matter of discretion, saying, “You defendant don’t do it,” and also you have a declaration “This right has been infringed.” That is for everybody to see. Why not?

Dr. Meier-Beck: For me it was a little bit strange, the idea of discretion in this context. A patent is an exclusive right and that means that the patentee is the only one entitled to use the patent. If another person does, he does what he is not permitted to do. Normally, that should mean that the plaintiff will get an injunction. Of course we know about abuse of rights. If the right is abused, and of course a patent right can be abused as any other right can be abused, then an injunction may be excluded, but in our view that is the only case when a German court could refuse an injunction. Otherwise, if the court found the patent to be infringed it will grant injunctive relief.

Professor Takenaka: In civil law countries, abuse of right is a very exceptional thing, but compared to the common law, it is discretion. Therefore it is up to the case and the facts of the case, as well up to the judge’s discretion. I can also see a big contrast, the use of an injunction as the main remedy. Therefore, in a country like Germany, damages are relatively marginal. It is pretty much what you would get as a licensee. In contrast, in countries like the United States or the U.K., damages are more substantial than the ordinary amount you would get as a licensee. Therefore, this creates a big challenge for European countries as well as in the future to merge these systems.

Judge Fysh: In many cases the injunction is terribly important because we talk about winning cases and so on. In quite a few cases I have seen, the winner says, “Hooray! I have won the case. It is wonderful. I am entitled to a million dollars damages.” Then the defendant promptly goes into liquidation, doesn’t pay the costs, doesn’t pay the damages. Then? That is called “crashing through an open door.”

Dr. Muscolo: On the point of equity and compensation of damages, what is amazing is that in Italy, we have exactly the same jurisprudence as the U.K. on the point of “no risk of repetition” of the violation injunction. But we don’t qualify it as a matter of equity. We consider the risk of repetition of infringement as one of the conditions to grant the measure. So for us, it is not equity. It is one of the conditions. We call it in Latin “periculum in mora.” This is the first point.

The second point: in my opinion, if the present may be injunctions, the future of remedies against infringement will be compensation of damages, and, as a competition law judge, too, we can follow the model of anti-trust law. The White Paper compensation for violation of antitrust may be a model, a soft approach to IP rights protection, such as to prefer compensation of damages to pure injunctions, even if
the problem will always be the same, the faculties in assessing or calculating damages on the point of evidence is of technical facts, which also may be confidential facts.

**Professor Takenaka:** It is very interesting to know that Italy is a civil law country, but it still qualifies U.K. doctrine as a statutory law.

**Judge Mimura:** In Japan, similar to Germany, in the case of patent infringement, the prevailing practice in the past had been that automatically, an injunction was ordered. There was no discretion on the part of the court. The benefit of the injunction with the need of injunction being reviewed. The defendant may have already changed his model and there would be no risk of repetition, and with no risk of infringement, there was no need for an injunction, an injunction would not be issued in that case. So the need for an injunction will be reviewed, and to that degree discretion is exercised by the court.

As Judge Meier-Beck mentioned, an injunction itself could be an abuse of right, although this has not been found in any precedent, an injunction could be an abuse of right. In indirect infringement, in the case of an injunction award, the patentee may be given an award that is too big. In that case, the injunction must be limited in an appropriate degree. So there is some discussion even in Japan about injunctions among the courts, but the eBay decision will not have a direct impact on Japan.

Judge Fysh talked about the need to disclose the name of the parties. In Japan on the website, we disclose information in a way that will not lead to a disclosure of individuals, but corporate names are published. Among the judges of the IP Court, some, including myself believe that it is not a necessary protection to withhold the names of individuals, but to be in line with the practice in other non-IP cases, the names of individuals are withheld.

**Professor Takenaka:** May I ask a question to Judge Fysh? It seems to me that the grounds you raised to prevent repetition of infringement is different from the eBay case because in the eBay case, eBay obviously is going to continue to infringe, but the reason for the denial was because the patent holder did not exploit the invention -- did not make or sell. It was not necessary because damages would fully compensate the patent holder. Is it the case also in the U.K. that it can be a ground for denial of an injunction, as well as how frequently would such discretion be used to deny an injunction?

**Judge Fysh:** The answer is very rarely. In ninety-nine out of one-hundred cases, there will be an injunction, and that is it. It comes even if there is very little damage. Normally, the successful claimant will get an injunction. But, it’s a flexible, discretionary remedy. Depending on the case, the U.K. courts can grant or deny an injunction. If the wrong is not going to be repeated, let us say because the defendant is dead, and the claim is against his estate, in let us say, a liable case, then damages is an adequate remedy. It depends on the facts, but it is flexible. That is the point.

**Professor Takenaka:** I understand. Definitely, after the eBay case, U.S. courts deny injunctions more frequently, especially in the case where the patent holder does not have a capacity to make or use the
invention. More than fifty percent of the requests for injunction are denied. That is a serious problem because, for example, the European company or American company exporting products in say, China or India, it is just as probable for an Indian court to deny an injunction because they are doing pretty much the same thing that U.S. courts are doing.

**Judge Fysh:** Well, Indian courts, to my knowledge are usually not very good friends to multinational corporations, so there may be another reason.

**Professor Takenaka:** OK, we have fifteen minutes before we will be moving to the reception. I would like to invite the members of the audience to raise questions. Anybody? If you have a question, please feel free. Yes?

**Audience 1:** Thank you very much. I have a question. Maybe it is not appropriate for this forum, but for the sake of asking questions. How is this problem treated in Islamic countries? Is there an Islamic norm? Do they use common law or civil law?

**Judge Fysh:** I am a member of the bar of Pakistan, and to the best of my knowledge, it works just the same as in England. I don’t think that there is any inherent conflict between Sharia law and the law of intellectual property. As you know, Islamic law affects the law of inheritance. It affects family law. It affects the law of land. It affects other areas of law like banking, usury, and interest, so there could be no doubt an argument as to whether a person were entitled to interest on damages, I have never heard of any suggestion, and as I know I believe that I may be the only person here qualified in an Islamic country, of any conflict between Sharia and intellectual property law. Of course, it should be said, in general, even in the treaties, immorality cannot be the proper subject of protection of an intellectual property right. Of course, whether something is immoral or not is an issue which is perhaps outside the scope of the present discussion. It is a very interesting one, and it may be that in Islamic countries, something that we, certainly in Western Europe and perhaps Japan would not regard as immoral or amoral might be regarded so in an Islamic country. Are advertisements, in London and from what I have seen in Japan, that show ladies in various “costumes,” if I may put it like that, these advertisements in East London, where the community is mostly Muslim, there are people who paint them white or black or green, so as to prevent what they perceive to be amoral advertisement. I could see that a copyright may not be accorded in a country like, say Libya, which I believe is a signatory to the Convention to such a thing. Just as I have had quite difficult cases involving pornographic copyright cases in which I have been asked to grant an injunction to prevent the reproduction of pornographic images. I had a case that had appalling pornography, and I was asked to grant an injunction, and I seriously thought whether, in my discretion, I should do that or not. Fortunately, the thing settled and so I did not have to make a decision, which is a good thing for a judge.

**Audience 2:** I’d like to ask about the situation of the Italian torpedo. The kind of invalidation action in which an accused infringer start an action in Italy, alleging that he does not violate patents registered in other European states. The existence of the litigation in Italy makes it impossible to litigate on the same object in other European states according to Article 21 of the Brussels Convention. I heard from Dr.
Muscolo that the situation has changed. Could you explain in more detail what is going on with the Italian torpedo?

**Dr. Muscolo:** For a long time, Italy has been regarded as a torpedo friendly country, a country in which a defendant can file an action for a declaration of no infringement, that may cause the staying of proceeding of declaration of infringement in another country. The reason was that ordinary Italian trial procedures were and are not very accelerated. So if you stay a procedure in another country where procedures are speeded up, such as Germany, by means of a torpedo proceeding in Italy, you as a defendant take an advantage over the claimant. As I described this morning, two different factors have recently changed the situation. Specialist sections with specialist judges have been established in Italy, with more or less exclusive competence for IP litigation. This may speed up procedures and render it less convenient for defendants to use torpedoes in Italy. The second factor is that most IP conflicts are now solved or settled in Italy in urgent trial procedures which do not last more than one month at a minimum or one year at the maximum. Some last only weeks, even if in a few cases. The second factor too is in disfavor of filing a torpedo action in Italy. This is the situation in fact. The situation as a matter of law is that the European Court of Justice has defined a torpedo not as an abuse of right, but as a right of filing an action, if I remember correctly.

**Dr. Meier-Beck:** May I add a short comment? I think that the so-called Italian torpedo, some people talk about the Belgian or Bulgarian or whatever torpedo, is much less important today than it was say, five years ago. I think that the main reason is the decision of the ECJ. Professor Straus mentioned the GATLuk cases where the ECJ decided that it is hardly possible to get a cross border injunction in Europe because in any case the validity of the patent is contested and the court has no jurisdiction on the infringement of foreign patents then. Because of this judgment, it is not attractive to ask for a cross border injunction and the consequence is it is also not that attractive to get a declaratory judgment of non-infringement. So, I think it is more or less history.

**Dr. Takenaka:** Professor Obuchi, would you take the floor to make a comment or ask a question? Before Professor Obuchi became a professor, he was a judge.

**Professor Obuchi:** Thank you. Today there was a brief discussion about eBay. Earlier, Dr. Fysh said, and also Dr. Takenaka asked. Reputation is not affected in Japan either, therefore, I believe that discretion is what we are most interested in. Therefore, I would like to ask a question about discretion. I understand that there is discretion. To what extent in reality in the U.K, what is the possibility or likelihood of denying an injunction based on the judge's discretion? In other countries, there would be an automatic injunction, is that a correct understanding? The question is for my confirmation. To what extent are injunctions used?

**Judge Fysh:** Ninety-nine times out of one hundred, if not more, you would expect to have an injunction. Let me give you an example. Some years ago, there was a case involving a life saving drug. I believe it was a heart drug. The claimant, who was a well-established multinational pharmaceutical company, was suc-
cessful. I believe it was an interlocutory case; the claimant was successful in establishing a *prima facie* cause for an interlocutory injunction. But, on giving an undertaking to keep a proper account, the judge said “No injunction,” because the evidence showed that the defendant’s product was slightly different from the claimant’s product, and that a small but significant number of patients could not take the claimant’s drug, but could take the defendant’s drug. I think it was the difference between a methyl group and a phenol group or something. For some small proportion of patients, the unchallenged evidence was that the defendant’s drug could be life saving, whereas those patients could not effectively take the claimant’s drug. In that case the judge did not grant an interlocutory injunction, but instead, said “You, the defendant must keep a good and proper account,” and I think he said that you must pay some money every six months pending the trial into a bank account held in the joint names of the parties lawyers, or something like that. Maybe it had interest there, too.

**Dr. Meier-Beck:** I think that in this case a German court would have decided the case in just the same way, because an interlocutory injunction is not obligatory. In this case, it is in the discretion of the judge, and he would have considered the special consequences for this group of patients, and would have taken a similar position.

**Judge Fysh:** Normally, when you win in the end, you have an injunction. Too bad. That is the end.

**Audience 3:** Thank you very much Judge Fysh. Your point is that more than ninety-nine percent of the cases in which the patent is valid and infringement is found, then in more than ninety-nine percent of the cases an injunction is granted. Does that apply only to interlocutory relief?

**Judge Fysh:** In that case, it just applied to the interlocutory. I just gave you that example to show the flexibility of the system, but there could be cases, there have been cases, where although an injunction would normally run, the court feels it is unnecessary to grant an injunction, for one reason or another depending on the facts. These are very rare cases and I really would not worry about them. The normal case is the injunction follows the win.

**Audience 3:** But, in the case that you mentioned, where public policy or something like that is heavily involved, in a drug that is a special situation?

**Judge Fysh:** I do not think so, no.

**Audience 3:** Concerning the German situation, you mentioned that a German court would reject an interlocutory injunction. This implies that in the main action, you cannot really deny an injunction in that situation?

**Dr. Peter Meier-Beck:** I am not sure. That is a special situation and a German court would have to consider appropriate measures to avoid any harm to a group of patients who use a life saving drug and who cannot easily adjust or adapt to another drug. I think that that would be possible.
**Audience 3:** Do you mean that you may apply a doctrine of abuse of right?

**Judge Fysh:** If we got to this position, I would make both sides file some evidence. I would like to know if the successful plaintiff was able to make the phenol derivative as well as the methyl derivative, and if he could, so much the better. If the defendant then said, “Ah, I want to appeal your decision,” then I would make the plaintiff, if he could make that phenol derivative, pay money each month into an account in case the defendant was successful. You see this is the flexibility. You would love to deal with it on a case-by-case basis rather than on principle, but that illustrates the flexibly of the remedy. An injunction started in the Middle Ages in England as a relief granted by a chancery court, which was an ecclesiastical court, to, as it were, soften the rigor of the common law. That is how the whole business of the chancery court and the common law, the ordinary courts arose. It is a long and important part of common law jurisprudence. That is how this equity and discretion starts. Books have been written about this.

**Professor Takenaka:** The time has come to close this discussion. I would like to call upon Professor Takabayashi to give some remarks.

**Professor Takabayashi:** From 1 pm for five hours in all, we have discussed this very interesting topic in two panels. In panel one, including EPLA we discussed the European system. In panel two, we had a discussion focused on enforcement. We were able to have very interesting discussion for five hours. I would like to thank the speakers of panel one and two, and the moderators, Professor Takenaka and Judge Mimura.