

# Patent Infringement under Japanese Patent Law

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## 1. The Scope of Patent Right

Before introducing patent infringement system, let's take a look at the scope of patent right first. The scope of patent right is a key point to judge whether a patent right is infringed or not. The documents of application, the scope of claims, description and drawings should be submitted when file a patent application.

The scope of a patent right is also called “the technical scope of patented invention”. According to Article 70 of Japanese patent law, it should be determined “based on the statement in the scope of claims attached to the application.” Nevertheless, “the description and the drawings attached to the application should be used to interpret the meaning of each term of claims.” The claims shall “define the invention in terms of the technical features of the invention, and they shall be clear and concise and be supported by the description.” In the case that there are multiple claimed technical features in the invention, the claims should be written separately, such as claim 1, claim 2, claim 3 in Figure 1.

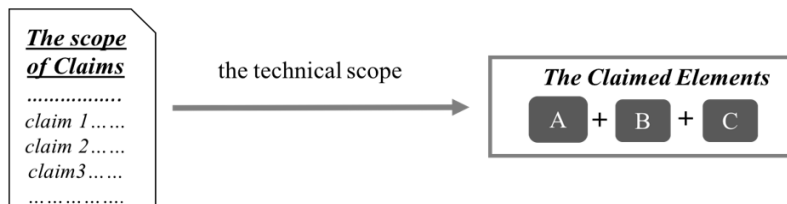


Figure 1 The scope of patent right

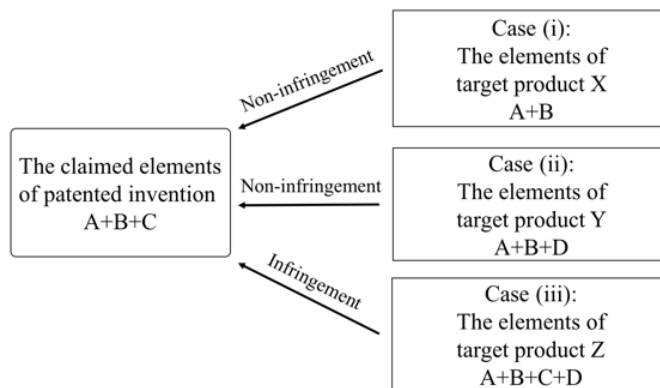
Based on “the scope of claims”, the scope of the patent right (or the technical scope of the patented invention) can be indicated by the technical features, which are also called “the claimed elements”, such as the claimed elements A, B and C in Figure 1.

## 2. Direct Infringement (Literal Infringement)

Article 68 of Japanese patent law provides that, “a patentee shall have the exclusive right to implement the patented invention as a business.” That is to say, if one “implemented the patented invention as a business” without license or authorization from patentee, the one would be charged with patent infringement. The problem here is how to interpret the term “implement the patented invention”.

According to the normal interpretation, “implement the patented invention” means implementing all the claimed elements of the patented invention. If a competitor implemented all the claimed elements of a patented invention without license or authorization from the patentee, it can be said that the behavior of the competitor above constitutes patent infringement. As the behavior falls within the literal scope of the claims of the patented invention (covers all the claimed elements), it is also called “literal infringement”. On the other words, “literal infringement” means that each and every claimed element of the patented invention has identical correspondence in the accused infringing product.

According to the interpretation of Article 68 mentioned above, we can make it clear that whether it constitutes patent infringement in the specific cases in Figure 2.



**Figure 2 Cases of infringement and non-infringement**

In case (i), the target product X only covers the claimed element A and the claimed element B, as the claimed element C is not implemented in the target product X, it does not fall within the literal scope of the claims of the patented invention. Therefore, target product X does not constitute literal infringement.

In case (ii), even if the target product Y covers three elements A, B and D, as element D is not the claimed element, and the claimed element C is not implemented in the target product Y, so, it does not cover all the claimed element too. On the other words, it does not fall within the literal scope of the claims of the patented invention too. Therefore, producing product Y does not constitute literal infringement too.

In case (iii), the target product Z covers all the claimed elements A, B and C, on the other words, it entirely falls within the literal scope of the claims of the patented invention. Therefore, the manufacturing of target product Z as a business constitutes literal infringement.

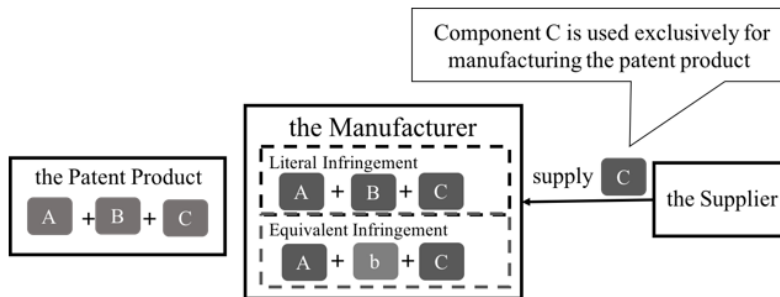
### **3. Objective Indirect Infringement**

In some cases, even if not all the claimed elements, but only a part of them are implemented, although it doesn't constitute direct infringement, however, as a contributory or assistant act to direct infringement, if certain requirements are met, it is also deemed as an infringement act, which is called indirect infringement.

In Japanese patent law made in 1954, Article 101, Item 1, provides that "The following acts shall be deemed to constitute infringement of a patent right or an exclusive license: where a patent has been granted for an invention of a product, acts of producing, assigning any components or materials to be used exclusively for the producing of the said product as a business."

In Article 101, Item 1, with respect to the invention of a product, producing any components or materials to be used exclusively for the producing of the patented product will be forbidden because it inevitably leads to an infringement as a preparatory or assistant act. By imposing the requirement of "to be used exclusively", whether it constitutes an indirect infringement or not should be determined objectively without searching the subjective intention of the alleged infringer. Therefore, it is also called "objective indirect infringement".

For example, as shown in the case below (Figure 3). The Supplier who supplies Component C to the Manufacturer, who manufactures the whole patent product (Component A + Component B + Component C) without license.



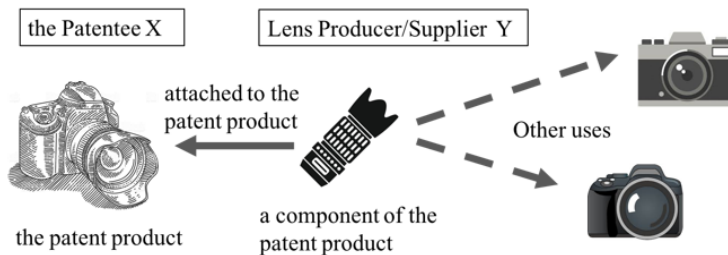
**Figure 3 Objective indirect infringement**

According to Article 101, Item 1, of the Japanese Patent Law, the Supplier constitutes indirect infringement if the Component C is used exclusively for the manufacturing of the patent product, no matter whether he knows the other party (the Manufacturer) is an infringer or not. The key point of Article 101, Item 1, is the requirement of it means that there is no other use except for the producing of the patent product. If the “to be used exclusively” requirement is met, the accused infringer (the Supplier) cannot defend that he is ignorance or he has no subjective intention. On the contrary, if the requirement is not satisfied, even if the accused infringer (the Supplier) has subjective intention of infringement, indirect infringement cannot be determined according to the Article mentioned above.

However, for a specific component, in cases where it can’t be said that there is no other use other than to produce a patent product, there is an issue on whether it is suitable to judge the establishment of indirect infringement only from the objective viewpoint regardless of the subjective intention of the alleged infringer.

Here is a case on “SLR Camera” patent infringement judged by the Tokyo District Court on Feb 25, 1981. (Case1)

The Patent X, who is the patent owner of the automatic preset aperture single lens reflex (SLR) camera, claimed the indirect infringement against the Producer Y, who produces and sells the changeable lens as a component attached to the patent camera.



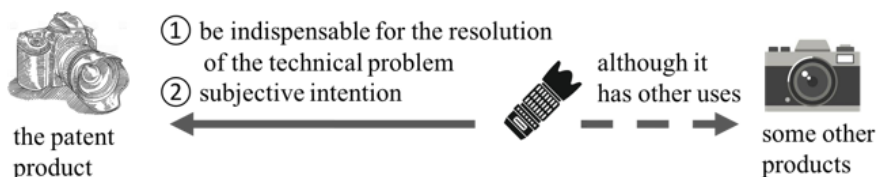
**Figure 4 The limitation of objective indirect infringement**

Before the revision of the Japanese Patent Law in 2002, the provision for indirect infringement was only the type of “objective indirect infringement” in Article 101 at the time. That is to say, the establishment of indirect infringement must meet the requirement of “to be used exclusively”. According to Article 101 at the time, the Tokyo District Court denied the claimed indirect infringement, for the reason that although the changeable lens made by Producer Y has the automatic preset aperture function as a component of the patent product, however, the accused component (changeable lens) can not only be used in the patent product, but it can also be used in other single lens reflex cameras.

After the Tokyo District Court made the above judgment based on Article 101 at the time, it caused a strong reaction in the academic world. Due to the limitation of the requirement of “to be used exclusively”, it is generally believed that the patent law was too strict for the establishment of indirect infringement and it was not conducive to the protection of patent right. Therefore, opinions on amending the patent law and expanding the effectiveness of patent right are becoming stronger.

#### **4. Subjective Indirect Infringement**

In order to strengthen the protection of patent right and expand the scope of indirect infringement, Japanese patent law introduced the subjective indirect infringement as Item 2 of Article 101 in the year 2002. It provides that “The following acts shall be deemed to constitute infringement of a patent right or an exclusive license: where a patent has been granted for an invention of a product, acts of producing, assigning, etc., importing or offering for assignment, etc. any product to be used for the producing of the said product and indispensable for the resolution of the technical problem by the said invention as a business, knowing that the said invention is a patented invention and the said product is used for the working of the invention.”



**Figure 5 Subjective indirect infringement**

According to Article 101, Item 2, of the Revised Patent Law, it provides two requirements for judging the establishment of indirect infringement. The first requirement is that the alleged infringing component is indispensable for the resolution of the patent technical problem. The second requirement is that the accused indirect infringer is subjectively intentional, that is, he knows that the supplied component will be used to manufacture the infringing product. In the case of satisfying these two requirements, unlike the above-mentioned “objective indirect infringement” of Item 1, even if the alleged infringing component has other uses in addition to the manufacture of the infringing product, the acts of manufacturing and providing the component as a business will also be deemed as indirect infringement. Since the establishment of this type of indirect infringement needs to satisfy the requirement of “subjective intention” of the accused indirect infringer, it is called “subjective indirect infringement”.

Item 2 of Article 101 expands the scope of indirect infringement and is conducive to strengthening the protection of patent right and promoting the perfection of the Japanese patent legal system. However, in judicial practice, there is still considerable controversy about the specific application of this item.

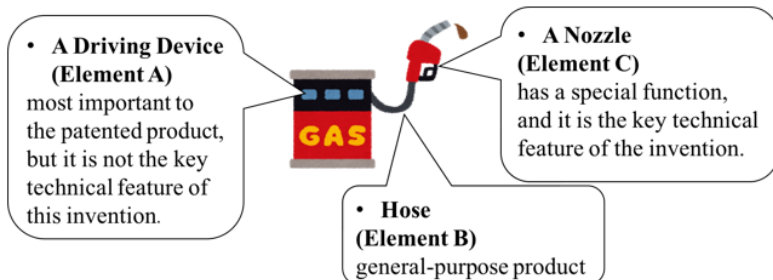
The problem is how to interpret the requirement of “be indispensable for the resolution of the technical problem” of the patented invention in judicial practice.

There are two theories in the academic world about this issue. One is put forward by Professor TAKABAYASHI from WASEDA University (to be addressed as “the Theory of TAKABAYASHI” hereinafter), who believes that the requirement should be understood as “the essential part of the patented invention, focusing on the patented invention”. For example, if it is the invention of a ballpoint pen that can be erased with an eraser, it would be an invention comprising a shaft, a ball, a shaft core and ink. In this case, the “indispensable for the resolution of the technical problem” means the component of “the ink that can be erased by eraser”. Therefore, even if the ink has other uses, it constitutes indirect infringement when the ink was produced or assigned in business, knowing that the ink is used in the patented invention.

The other theory is presented by Professor TAMURA from HOKKAIDO University (to be addressed as “the Theory of TAMURA” hereinafter), who

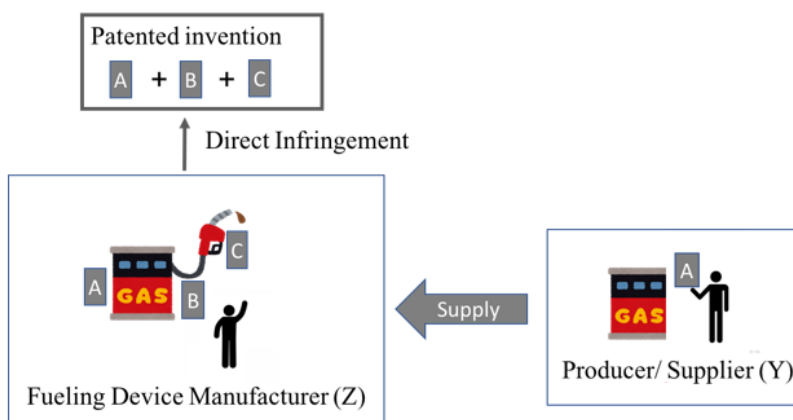
believes that the requirement should be understood as “the key component of the patent product, focusing on the patent product rather than patented invention.”

The difference between the two theories can be understood by the following case (Case 2, Figure 6 and Figure 7). Figure 6 is an illustration of a fueling device invention.



**Figure 6 A fueling device invention**

The patented invention is a fueling device comprising a driving device (Element A), hose (Element B) and a nozzle (Element C). The key technical feature of the patented invention resides in the nozzle (Element C), which has a special function. The hose (Element B) is a general-purpose product. The drive device (Element A) is the most expensive and important component of the patent product, but it is not the key technical feature of this patented invention and it can be used for any other fueling device.



**Figure 7 Case 2**

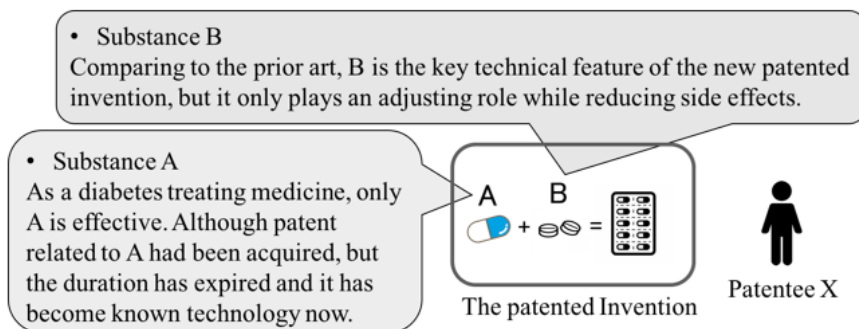
Y is a producer of the driving device (Element A of the Patented Invention), and he supplies the driving device to the Fueling Device Manufacturer Z, knowing that Z uses the driving device for producing the patented invention without license from the patentee.

In this case, there is no doubt that the Fueling Device Manufacturer Z constitutes direct infringement of the patented invention. The problem is whether the component supplier Y constitutes an indirect infringement.

According to the theory of TAKABAYASHI, although Element A is the most expensive and important component of the patent product, but it is not the key technical feature of this patented invention (the key technical feature of this invention lies in the Element C), that is to say, it is not the essential part of the patented invention. Therefore, the requirement of “be indispensable for the resolution of the technical problem” is not satisfied, and it can be concluded that the Supplier Y does not constitute indirect infringement.

However, according to the theory of TAMURA, focusing on the patent product rather than patented invention, as the Element A is the key component of the patent product, therefore the requirement mentioned above is satisfied, and it can be concluded that the Supplier Y constitutes indirect infringement.

In response to how the subjective indirect infringement should be identified, the following is a real case on “Combined Drug of Pioglitazone” patent infringement tried by the Tokyo District Court on Feb 28, 2013. (Case 3)

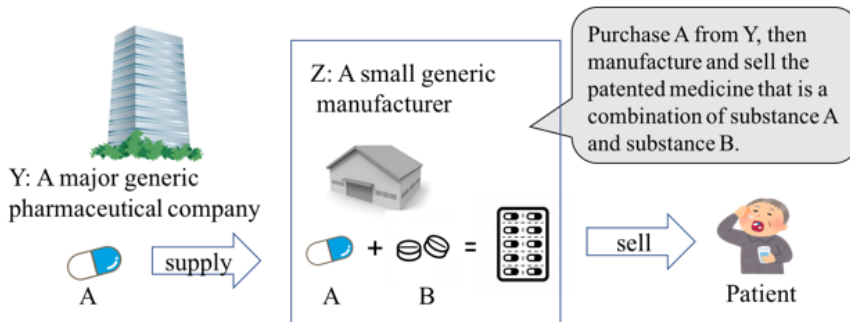


**Figure 8 An invention of combined drug of pioglitazone**

Patentee X is the owner of the patented invention named “a medicament for treating diabetes comprising a combination of Substance A and Substance B”. Substance A alone is effective as a drug for treating diabetes. Patentee X had a patent right on substance A, but it has become invalid due to the expiration of the term. By combining the “Substance A” and the “Substance B”, Patentee X



filed the said invention as a new way. As the new patented medicament, Substance B only plays an adjusting role while reducing side effects.



**Figure 9 The major generic pharmaceutical company and the small generic manufacturer**

There is a major generic pharmaceutical Company Y which started producing and selling Substance A as a drug for treating diabetes as the patent period for Substance A has expired. Substance A made by Company Y are purchased by a number of small generic manufacturers, for example, Manufacturer Z. Then, Manufacturer Z manufactures and sells the patented diabetes treating medicaments in combination with Substance B.

There is no doubt that, as Manufacturer Z implemented all the claimed elements (Substance A and Substance B) of the patented invention, therefore Manufacturer Z is a direct infringement. But, as for patentee X, he prefers to forbid the major Company Y manufacturing and selling Substance A, instead of the small manufacturer like Manufacturer Z.

Patentee X argues that the acts of manufacturing and selling Substance A by Company Y constitutes subjective indirect infringement of the patented invention according to Article 101, Item 2, of the Japanese Patent Law with the reason that substance A is indispensable for the resolution of the technical problem of the patented invention, and Company Y knows that it is used for the working of the patented invention.

As a result, the Tokyo District Court denied the claim of the patentee X and ruled that the major generic pharmaceutical Company Y did not constitute indirect infringement. From the result of the judgement, it can be seen that the Tokyo District Court adopted the theory of TAKABAYASHI, that is to say, the requirement of “be indispensable for the resolution of the technical problem” in Article 101, Item 2, should be interpreted as “the essential part of the patented invention, focusing on the patented invention” rather than the patent product.