



# WINDS FROM JAPAN

The Licensing Executives Society Japan

## Amicus Briefs in Japan? Current Status of Apple and Samsung Patent Litigation

By Shoichi Okuyama\*

The following is a current and updated list of court cases between Apple and Samsung in Japan. Note should be taken of the fact that some cases exist that cannot be identified by use of any publicly available database.

No.	Plaintiff	Filed	Demands	Technology	Court*
1	Samsung	Apr. 2011	injunction + damages	reduction of power consumption	TDC
2	Apple	June 2011	preliminary injunction	synchronization of music files	TDC
3	Apple	Aug. 2011	damages	synchronization of music files	TDC and IPHC
4	Apple	Aug. 2011	damages	bounce back screen	TDC
5	Apple	Sept. 2011	DJ	W-CDMA standards	TDC and IPHC
6	Samsung	Oct. 2011	preliminary injunction	high speed packet standards and three other technologies	TDC and IPHC

\* TDC: Tokyo District Court; IPHC: Intellectual Property High Court

This list is a modified version of a list prepared by Mr. Tetsuya Mizogami

Apple has brought three other cases before the Tokyo District Court. They are declaratory judgment actions. There may be other preliminary injunction cases, but these cases are not listed on any publicly available database.

Among the above decisions, the most important is the decision issued on February 28, 2013. This case relates to a FRAND declaration. Apple (a Japanese subsidiary of Apple Inc.) sued Samsung (Samsung Electronics

K.K.) before the Tokyo District Court for a declaratory judgment of non-existence of liability. This suit was filed because Samsung tried to obtain preliminary injunction orders from the same court.

A panel headed by Judge Otaka found the disputed patent valid and essential to the UMTS standards. The court further found that, while two of four accused iPhone and iPad products infringed two claims of the patent, the defendant was not entitled to any damages because Samsung had abused patent rights by not observing the FRAND declaration made by Samsung before the ESTI in 1998. The court applied general provisions on the abuse of rights as applicable under Article 1(3) of the Civil Code. The disputed Japanese patent has a priority date in 2005 and was reported to ETSI in 2007.

In concluding the 107-page decision, the court noted as follows:

The defendant violated an obligation based on a principle of faith and trust to provide material information during the preparatory stage of a license agreement on FRAND terms concerning the patent in question and to faithfully negotiate. Also, the defendant continues to maintain, as of the date of closing arguments, petitions for preliminary injunction orders against importation and sale, etc., based on the present patent. Furthermore, it was more than two years later that Samsung reported the existence of the disputed patent to the ETSI after Samsung presented a request for technical changes that were eventually adopted as part of the technical standards. In consideration of these circumstances as well as other events that occurred during the licensing negotiations concerning the present patent, it is not allowed, as it would constitute an abuse of right, to enforce the right to obtain damages based on the present patent on Products 2 and 4.

This is the very first Japanese court decision that connected a FRAND declaration to the abuse-of-right doctrine under the Civil Code. Although the court could have recognized the existence of an implied license on the basis of the FRAND declaration, the court instead relied on Article 1(3) of the Civil Code.

On January 23, 2014, the Intellectual Property High Court, headed by Chief Judge Toshiaki Iimura, announced that three pending appeal cases including an appeal from this FRAND decision would be reviewed by the Grand Panel of the Court, which consists of the four heads of all four divisions and another judge. Samsung Electronics filed two preliminary injunction actions, and in response, Apple filed the DJ

action for confirmation of non-existence of liability.

Also, it was announced that it became possible for the public to send their comments to any of the two law firms handling these cases including the Tokyo office of Morrison & Foerster (Ito & Mitomi) by March 24, 2014. Public comments received by the two firms will be submitted to the IP High Court as part of evidence.

This is the very first time any Japanese court solicited public comments on a civil case. As Japan does not have an amicus brief system unlike the U.S., public comments are collected by the law firms and then submitted to the court.

Furthermore, the "bounce back" patent case (No. 4 in the list above) has so far resulted only in a non-appealable, intermediate decision of infringement, issued on June 21, 2013. As infringement was found, the court is presently deliberating on damages to be awarded.

## Other IP News from Japan

### “Self-cooking” Book Scanning Service Copyright Case

Scanning books for viewing on portable electronic devices has been very popular. Scanning books by a book owner is called "self-cooking" in Japan. As long as a book owner scans the book, the action falls under one of the thirty seven articles that stipulate limitations on copyright under the Japanese Copyright Law. Article 30 allows reproduction for private use, and in the first paragraph thereof it is stated that: "It shall be permissible for a user to reproduce, *by himself*, a work forming the subject matter of copyright (hereinafter in this Subsection referred to as a "work") for the purpose of his personal use, family use or other similar uses within a limited circle (hereinafter referred to as "private use"), except in the case..." (excerpt; italics added).

With the widespread popularity of the scanning of books, many small businesses started to offer book scanning services. The most popular service functions as follows: The owner sends or brings his books to a scanning service company. The company cuts the spine of the books and feeds loose pages into a high speed scanner. The PDF files thus created are made available for download by the owner. Fees are charged to the equivalent of around one to five U.S. dollars per book. Beyond such standard

types of scanning services, some companies have started to sell cut-up books after scanning them. Another type of service offered is to make scanners available in shops and provide users with a collection of popular books that have already been cut so that users can readily scan desired books.

Electronic books are of course available in Japan. While the size of the Japanese market for electronic books is comparable to that of the U.S. market, more than 80 percent of electronic books sold in Japan are in the form of comics (*manga*, graphic novels). The electronic book market for other types of books in Japan is considered to be in an early stage of development.

In November 2012, seven popular authors sued two book scanning companies before the Tokyo District Court, asking for injunction orders against scanning of seven books the plaintiffs listed and also award of a small amount of damages to cover at least part of attorney costs. Subsequently, the same authors sued four other companies. Two different divisions of the Tokyo District Court rendered decisions in the two cases on September 30 and October 30, 2013, respectively. The court recognized that the likelihood of copyright infringement by the defendants exists and the acts of the defendants were not assistance to the users' private use. The court granted the requested injunction orders against all six companies and awarded damages of JPY 100,000-210,000 (about US\$ 1,000 to 2,100) from each defendant.

With these decisions, the standard type of scanning service business is probably no longer viable. This author has no information as to possible appeals before the High Court, but many

companies already have discontinued such services or have altered their business methods to avoid copyright infringement, creating new legal issues along the way.

### **Current Status of Legislative Efforts**

The Patent, Trademark and Design Laws were slated for possible amendments last year. The change of government in December 2012 and the subsequent election held in July last year, however, slowed the legislative process. These law amendments were accorded a relatively low priority. The momentum for passage of the amendments will once again build this year. The Patent Law should be amended to reintroduce a post-grant opposition system. The Design Law amendments are only for accession to the Hague System for the International Registration of Industrial Designs. Special protection for screen designs has been discussed, but agreement on such protection among key industrial players could not be reached, and it will not be included in the upcoming legislation. The Trademark Law will be amended to make it possible to register non-traditional marks, such as colors, holograms, and sounds. Scent will not be included at this time. Also, the government has decided to introduce "electronic publication rights" into the Copyright Law in addition to the existing "publication rights" scheme. Most likely, corresponding bills will be presented to the Diet this coming spring.

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# Nine Years as an Editor-in Chief of “Winds from Japan”

By **Kazuaki Okimoto\***

I have been acting as Editor-in-Chief of “Winds from Japan” (Winds) for 9 years from 2005 to 2013. Winds is edited by the Information Committee of LES Japan. The Chair of the committee is automatically appointed as Editor-in-Chief of Winds. We currently have 11 committee members who contribute to editing and publishing Winds. We have stopped publishing in paper form, and now publish Winds only electronically. If you would like to refer to any back issues of Winds, you can access them via the following URL:

<http://www.lesj.org>

During my duty of Chief Editor, I received many comments from committee members and

LES Japan members, and also from readers from outside Japan. Comments have been received suggesting, for example, that Winds should include articles such as essays that may be of interest to the reader. Personally, I believe that we should include articles of information keep the LESI members up to date with IP trends and licensing matters in Japan. I believe that Winds is the earliest publication dedicated to informing the world of IP and licensing matters in Japan.

I would like to thank all of you who provided me with comments and articles and made voluntary contributions to Winds.

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## Editors’ Note

We trust that the articles included in this issue will prove be of readers in providing up-to-date topical information. As will be apparent from a review of the contents of articles included in this issue, information is provided on a current status of Apple and Samsung litigation in Japan; a copyright case; and legislative efforts for amendment of Japanese patent law, trademark law, and design law. If readers wish to refer to any back issues of our newsletters, access is available via the following URL:

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