“Discovery” in a patent infringement suit in Japan – particularly about “secrecy order” (protective order)

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“Discovery” process to obtain information to prove infringement

- “Discovery” in the Japanese patent infringement suit is conducted under the court’s full control. The scope of discovery here is limited to obtain evidences to resolve the issue of disputed structure of accused product. “Discovery” permitted only when needed for the court’s finding of facts.

- Patent Law provides a document production order but the court usually first urges the party to produce documents without relying on the court order system.
“Discovery” by Court Order

- Court order for document production and inspection to prove infringement (Patent Law Section 105 (1), (4) enacted in 1999)

The party may seek a court order to produce documentary information to prove infringement. If the court thinks that such information is necessary, the court first suggests the other party to produce such information. If the other party does not follow the court’s suggestion to produce, the court issues an order.

Under Section 105 a court order is not issued if just cause exists. Traditionally, secrecy of information was such just cause of refusal.
Secrecy Order (Patent Law Section 105-4)

- The provision of Secrecy Order was enacted in 2004, to make secret information available in patent infringement suit while protecting its secrecy.

- But, in the last 4 years this system was not used enough. (Orders issued only in 2 cases in Tokyo District Court and 1 case in Osaka District Court.)
Secrecy Order

- A party who has trade secret information may petition the court for a secrecy order.
- A scope of secret information under the secrecy order is specified.
- The secrecy order is issued against recipients of the specified information (the other party, its employees, attorneys).
- Patent Law Section 200-2 provides criminal sanction of imprisonment of 5 years or less and/or a fine of ¥5M or less for violation of the secrecy order.
The court thinks that the scope of secret information and recipients of the secrecy order must be strictly narrowed in view of the hardship of criminal penalty in case of violation.

Court’s reluctance to issue secrecy order is reasoned by the existence of criminal penalty.

A secrecy contract between the parties is pursued instead of the secrecy order but it takes unacceptably long time for negotiating terms of the contract.

Court’s and parties’ reluctance to use secrecy order obstructs use of secret information in patent infringement suit.---”Secret information” not covered by the “narrow” secrecy order is not disclosed for the lawsuit?
Supreme Court decision (January 27, 2009 in Sharp v. Samsung Japan)

Good news! – Supreme Court allowed use of a secrecy order in a preliminary injunction case.

- In this case Samsung Japan petitioned for a secrecy order for secret information which it discloses in its memorandum submitted in a preliminary injunction case. Tokyo District Court dismissed the petition and Intellectual Property High Court dismissed an appeal based on the reason that a secrecy order cannot be invoked in a preliminary injunction case. The Supreme Court reversed the IP High Court decision because there is no difference between preliminary injunction procedure and regular infringement action with regard to the situation where a secrecy order is needed.

- The true reason behind the lower court’s decision to have dismissed the petition of secrecy order was their reluctance to use the secrecy order system.
Change! Yes, we can.

- Court’s reluctance to use the secrecy order system appears to start changing.
- Prospectively, number of patent infringement suits will increase if it is widely recognized by patent holders that they can bring an action successfully with only circumstantial evidences.
- Here is my prescription --- this can be accomplished by prompt use of the secrecy order system as frequently as needed.

Thank you.