Question Q204P

National Group: Japan Group

Title: Liability for contributory infringement of IPRs – certain aspects of patent infringement

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Questions

The Groups are invited to answer the following questions under their national laws

I) Analysis of current legislation and case law

1. a) Is it a separate condition for the supply or offering of means to qualify as contributory patent infringement that the means supplied or offered were suitable to be put to a use that would infringe the patent?

Answer:

The Patent Act of Japan provides conditions (i) and (ii) detailed below, which are stricter than the condition stated in the question “the supply or offering of means must be suitable to be put to a use that would infringe the patent”, as conditions to constitute indirect infringement.

(i) That the supply or offering of means is “used exclusively for the producing of the product where a patent has been granted for an invention of a product” or “used exclusively for the use of the process where a patent has been granted for an invention of a process” (hereafter also referred to as “exclusive use”) (Article 101, Paragraph 1, Items 1 and 4) is the “separate condition to constitute contributory patent infringement”.

(ii) That the supply or offering of means is “used exclusively for the producing of the product (excluding products that are widely distributed within Japan) and indispensable for the resolution of the problem by the invention where a patent has been granted for an invention of a product” or “used exclusively for the use of the process (excluding processes that are widely distributed within Japan) and indispensable for the resolution of the problem by the invention where a patent has been granted for an invention of a process” (Article 101, Paragraph 1, Items 2 and 5) is the “separate condition to constitute contributory patent infringement”. However, this alone is not condition enough to constitute indirect infringement, it is also necessary to satisfy the “subjective requirement”. The “subjective requirement” means that the supplier of the means to be supplied or offered proposes supply or offering
“knowing that the invention is a patented invention and that the product is used for the working of the invention” (Article 101, Paragraph 1, Items 2 and 5).

There are two theories as to what constitutes indirect infringement: 1) it requires the constitution of direct infringement as a prerequisite (“dependence theory”); and, 2) indirect infringement can be constituted by itself without the constitution of direct infringement (“independence theory”). The dependence theory, which requires the existence of direct infringement, is the commonly accepted theory. However, as a thorough theoretical pursuit of one theory may lead to an irrational conclusion, judgment is made specifically in each case.

Reference: Article 101 of the Patent Act of Japan

Article 101 The following acts shall be deemed to constitute infringement of a patent right or an exclusive license:

(i) 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 exclusively for the producing of the said product as a business;
(ii) 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 (excluding those widely distributed within Japan) to be used for the producing of the said product and indispensable for the resolution of the 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;
(iii) (Omitted)
(iv) where a patent has been granted for an invention of a process, acts of producing, assigning, etc., importing or offering for assignment, etc. any product to be used exclusively for the use of the said process as a business; and
(v) where a patent has been granted for an invention of a process, acts of producing, assigning, etc., importing or offering for assignment, etc. any product (excluding those widely distributed within Japan) to be used for the use of the said process and indispensable for the resolution of the problem by the said invention, knowing that the said invention is a patented invention and the said product is used for the working of the invention as a business;
(vi) (Omitted)

b) If yes to a), is it relevant that the means are also suitable to be put to other uses not related to the invention?

Answer:

When the said means are also suitable for uses that are not related to the invention, they are not considered as “exclusive means” as described in Article 101, Items 1 and 4 of the Patent Act of Japan, and whether they constitute indirect infringement is determined in accordance with Article 101, Items 2 and 5 of the Patent Act of Japan. This means that indirect infringement is constituted when the said means are not widely distributed within Japan, are indispensable for the resolution of the problem by the invention, and the aforementioned “subjective requirement” is satisfied.

2. a) Is it a condition for the supply or offering of means to qualify as contributory patent infringement that the person supplied intended, at the time of supply or offering, to put the means to an infringing use?

Answer:

According to the Patent Act of Japan, that the person supplied had an intention of using the said means for infringing use is not a condition for the supply or offering of means to qualify as contributory patent infringement. The supplier is deemed to have had such intention when the supplied means are not “exclusive means” (Article 101, Items 2 and 5) and the supplier supplied or offered to supply the said means “knowing that the said invention is a patented invention and the said product is used for the working of the
invention” ("subjective requirement"). However, there is no stipulation as to the intention of the person supplied.

However, in a situation where the condition provided in the Patent Act of Japan is constituted, the person supplied is considered to have accepted the supply, in effect, with an intention of using the means for the working of a patented invention. In such a case, that the person supplied had an intention of putting the said means to an infringing use at the time of supply or offering, in effect, constitutes a condition for contributory patent infringement. Specifically, this covers the following contents:

(i) When the means are “exclusive means” (Article 101, Paragraph 1 and 4), as they are not used for any purpose other than the working of a patented invention, the person supplied is deemed to have had an intention of using the said means for the working of a patented invention at the time of supply or offering.

(ii) When the means are not “exclusive means”, indirect infringement is constituted when the supplier supplied or offered to supply the said means “knowing that the said invention is a patented invention and the said product is used for the working of the invention” (subjective requirement) (Article 101, Items 2 and 5). When the subjective requirement of the supplier is satisfied, as the supplier supplied or offered to supply knowing that the said means would be used for the working of a patented invention, naturally, the person supplied is also considered to have had an intention of using the means for the working of a patented invention when accepting the supply of the said means.

b) If yes to a), is the element of intention a separate condition to any condition of suitability for an infringing use?

Answer:
As described above, the intention of the person supplied is not provided in the Patent Act of Japan as a separate condition to the condition for an infringing use. However, the intention of the supplier is provided as a condition for an infringing use in the form of a "subjective requirement" when the means are not "exclusive means".

c) If yes to a) is it a condition for the supply or offering of means to qualify as contributory patent infringement that the supplier was aware, at the time of supply or offering, that the person supplied intended to put the means to an actually infringing use?

Answer:
(i) In the case of “exclusive means” (Article 101, Items 1 and 4), that the supplier was aware, at the time of supply or offering, that the person supplied has an intention of putting the said means to an actual infringing use does not constitute a condition for indirect infringement of patent.

(ii) If the means are not “exclusive means”, that the supplier supplies or offers to supply “knowing that the said invention is a patented invention and the said product is used for the working of the invention” (Article 101, Items 2 and 5) constitutes a condition for indirect infringement of patent.

3. If it is a condition for the supply or offering of means to qualify as contributory patent infringement that the means relate to an essential, valuable or central element in the invention or that the means relate to an essential, valuable or central element in the product or service that constitutes direct infringement, what is the test for determining whether an element is essential, valuable or central?

Answer:
Article 101, Items 2 and 5 of the Patent Act of Japan provides that supply or offering of the patented invention of a product or process that is used for the producing of the product or the
use of the process and is “indispensable for the resolution of the problem by the invention” is deemed to constitute indirect infringement.

Here, the “product or process that is indispensable for the resolution of the problem by the invention” means a “part, tool, material, etc. without the use of which ‘the problem by the invention’ cannot be resolved”, and such a part, tool, or material may not necessarily be the components of the invention (“Guide to the Industrial Property Law Revised in 2002” edited by the Department of General Affairs, Patent Agency).

As for the criteria for determining whether “the problem by the invention can be resolved” exclusively with the use of the part, tool, material, etc.; theories and judicial precedents are divided into two categories: 1) it is sufficient to satisfy this conditional relationship (i.e. the use of a certain part, tool, or material will complete the product or process for invention); and, 2) judgment should be made taking into account the essential part of invention. As for the latter, there is a judicial precedent that holds “products that provide a peculiar composition or component characterizing the means in the characteristic technical means not seen in conventional technology and newly disclosed by the said invention as a process to resolve the problem of the conventional technology” should be considered to be a “product indispensable for the resolution of the problem by the invention” (Tokyo District Court decision of April 23, 2004, (WA) 6035 of 2002).

“Those widely distributed within Japan” are excluded from “products indispensable for the resolution of the problem by the invention”. “Those widely distributed” mean standard products and low-end products available in the market. The reason for the exclusion is that inclusion of the production and assignment of these products as an act of indirect infringement is not desirable from the viewpoint of the stability of transaction.

4. To the extent the means supplied or offered are staple commercial products, is it an additional condition for the supply or offering of means to qualify as contributory patent infringement that the supplier provides any instruction, recommendation or other inducement to the person supplied to put the goods supplied or offered to an infringing use?

Answer:

Whether the supplier provided the person supplied with any instruction or recommendation as to putting the goods supplied or offered to an infringing use does not affect the constitution of indirect infringement.

However, to the extent that the person accepting said supply is involved in an act of infringement of patent rights, if the supplier of a staple commercial product is considered to have provided any solicitation or assistance to the person supplied, it can be assumed that this person was also involved in an illegal act in cooperation with the supplier, and it is possible to demand compensation (Article 719, Paragraph 2 of the Civil Code).

5. a) Is injunctive relief available against acts of contributory infringement?

b) If yes to a), may injunctive relief be directed against the manufacture of the means per se or the supply of the means per se?

c) If no to b), must the injunction be limited to manufacture or supply of the means in circumstances which would amount to contributory infringement?

d) If yes to c), how in practice should this limitation be included in injunction orders, for example:

i) may claims for injunctive relief be directed for example against the abstract or hypothetical situation that the means are supplied in circumstances where the supplier is aware that the person supplied intends to put the means to an infringing use, and/or
ii) must claims for injunctive relief be directed against particular shipments of means for which the supplied person’s intent and the supplier’s knowledge has been proven?

Answer:

a) Injunctive relief against acts of contributory infringement

There are provisions that consider certain acts of contributory infringement as infringements of patent rights (all items of Article 101, the Patent Act of Japan).

Also, there is injunctive relief against acts of infringement of patent rights and acts of possible infringements of patent rights (Article 100 of the Patent Act of Japan).

b) Subjects of injunctive relief

The subjects of injunctive relief include both the production and supply (assignment) of the said means (considered as a composition of the act of contributory infringement) (Article 101, Items 1, 2, 4, and 5 of the Patent Act of Japan). As for acts of contributory infringement based on Article 101, Items 1 and 4 of the Patent Act of Japan, as the question is whether the said means are used exclusively for an act of contributory infringement, it will not create a problem if the production and supply of the said means themselves are injunction. On the other hand, as for acts of contributory infringement based on Article 101, Items 2 and 5 of the Patent Act of Japan, as the said means have other uses, there is an argument that full injunction may exceed the necessary range of injunction ("Theory and Practice of Intellectual Property Law 1", Shinnippon-Hoki Publishing Co., Ltd., p. 210).

c) N/A

d) N/A

6. Is it a condition for the supply or offering of means to qualify as contributory patent infringement that the intended use of means for actual infringement is intended to take place in the country where the means are supplied or offered?

Answer:

As for acts of contributory infringement based on Article 101, Items 1 and 4 of the Patent Act of Japan, if the said means used exclusively for an act of contributory infringement are supplied or offered within Japan, contributory patent infringement is constituted, however, that the use of means for actual intended infringement is intended within Japan where the said means were supplied or offered is not a condition. However, there is an intention that the said means are used in Japan.

On the other hand, according to Article 101, Items 2 and 5 of the Patent Act of Japan, knowledge that the said means will be used for patented invention is a requirement for the constitution of contributory infringement of patent, and it is understood that patented invention is carried out in Japan. Therefore, it is a condition for the constitution of acts of contributory infringement based on Article 101, Items 2 and 5 of the Patent Act of Japan that the use of means for actual intended infringement is intended within Japan where the said means were supplied or offered.

7. How is it to be determined where means are supplied or offered? For example:

- **Supplier X conducts business in country A, X agrees to supply person Y with means for an infringing use in country B. Are the means supplied in country A or B or in both?**

- **Supplier X undertakes to deliver means “free on board” in a harbor in country A in the same circumstances. Are the means supplied in country A or B or in both?**
- **Supplier X undertakes** to deliver means “free on board” in a harbor in country B in the same circumstances. *Are the means supplied in country A or B or in both?*

- If the offer was *made in country A* but *accepted in country B*, *are the means supplied in country A or B or in both?*

**Answer:**

1. **Introduction**

   The Patent Act of Japan does not have any stipulation of act that literally corresponds to “supply”. Acts related to supply may be “exporting”, “importing”, and “assigning”.

   Here, “importing” means an “act of bringing cargo from a foreign country into the home country”, and “exporting” means an “act of sending cargo in the home country to a foreign country”. These are both factual acts. In Japan, on the other hand, while there is no established theory as to the meaning of “assigning”, it seems to be common understanding in Japan that transfer of goods is necessary in addition to an agreement for the transfer of ownership. While in Japan there is an understanding that all acts related to elements such as “assigning”-related agreements and transfer of goods are conducted in Japan, if one party involved is in a foreign country, the concepts of “importing” or “exporting” are used rather than “assigning”.

   The following discussion is based on this fact.

2. Supplier X conducts business in country A, X agrees to supply person Y with means for an infringing use in country B. *Are the means supplied in country A or B or in both?*

   In Japan, it is understood that “assigning” requires not just “agreement” but also “transfer of goods”, and “importing” and “exporting” are understood to mean the factual act of “transfer”. Therefore, it is understood that the means are not supplied in either country A or B even if there were an “agreement”.

   Let’s look at a case where goods are actually supplied.

   In the case that supplier X undertakes to deliver goods to Y in country A, supply (“assigning” in this case) is considered to have taken place in country A (This conclusion will hold even if an agreement itself is concluded between X in country A and Y in country B).

   Next, in the case that supplier X in country A supplied goods to Y in country B, this supply is “exporting” (in Japan the exporting of “indirectly infringing goods” is not controlled) from the viewpoint of X in country A, and “importing” from the viewpoint of Y in country B. In this case, as the said supply is made across countries, this is not considered as “assigning”.

3. If supplier X promises to undertake to deliver means “free on board” in a harbor in country A in the same circumstances, *are the means supplied in country A or B or in both?*

   As the above-mentioned case, it is understood that an “agreement” alone does not constitute supply either in country A or B.

   In the case that “delivery (FOB)” is actually undertaken, as it is assumed that goods were transferred in country A, it is considered that “assigning” took place in country A, and that “exporting” from country A and “importing” to country B took place.

4. If supplier X promises to undertake to deliver means “free on board” in a harbor in country B in the same circumstances, *are the means supplied in country A or B or in both?*

   It is understood that an “agreement” alone does not constitute supply either in country A or B.

   In the case that “delivery (FOB)” is actually undertaken, as it is assumed that goods were transferred from country A to country B, it is considered that “assigning” did not take place in country A, and that “exporting” from country A and “importing” to country B took place.
5. If the offer was made in country A but accepted in country B, are the means supplied in country A or B or in both?

The Patent Act of Japan does not have the concept of “offer of supply”. The concept corresponding to this may be “offer of assignment”, although general understanding is that “assignment” in this case means “assignment in Japan”, and offer of “assignment in a foreign country” does not fall into this category. On the other hand, “offering of importing” and “offering of exporting” are not stipulated in the definition of an act of exploitation.

Provided that country A is Japan, the “offer to supply” is an offer of assignment in a foreign country, and this is not considered as an “offer to assign”. This is considered to be “exporting” from country A, but “exporting” is not defined as an act of indirect infringement. Acceptance at country B is considered to be “importing” in country B, but this does not create a problem in country A.

Provided that country B is Japan, “acceptance” by Y is considered to be “importing”. In this case, “offer to supply” by X in country A does not qualify as any act of exploitation in the Patent Act of Japan.

6. Supplement

The above answer is based on the assumption that “assignment” requires transfer of the product in Japan, in addition to an agreement for transfer of ownership. However, there is no established view about this point. If important elements related to “assigning” (e.g. conclusion of agreement and financial transaction) are conducted in Japan, this may be considered to be “assigning”. In this sense, a certain act that is regarded as “exporting” or “importing” may also be regarded as “assigning”. Without this understanding, in the current situation where international transactions are taken for granted, there is concern that protection of patent rights in Japan is extremely limited.

Based on this position, there will be a different answer to this question than the one described above.

8. If means suitable for being incorporated into a patented product P are supplied by supplier X in country A to person Y, in circumstances where it was known to X (or it was obvious in the circumstances):

i) that Y intended to export the means to country B and complete product P in country B; and

ii) that Y intended to export the completed product P into country A,

would Y then be regarded as having intended to put the means to an infringing use in country A by importing and selling product P in country A, with the consequence that X could be held liable for contributory infringement in country A by supplying the means to Y?

Answer:

1. Introduction

The following answer is based on the assumption that the patent rights for patented product P are patent rights (invention of product) of country A, and X and Y are actors in country A.

In regard to indirect infringement of product invention, Article 101 of the Patent Act of Japan prohibits, regardless of the subjective situation of the actor (person assigning etc. X in the question), “acts of producing, assigning, etc., importing or offering for assignment, etc.” “any product that is used exclusively for producing that product”. At the same time, it prohibits “acts of producing, assigning, etc., importing or offering for assignment, etc.” “any product that is used for the producing of the product (excluding those widely distributed within Japan) and indispensable for the resolution of the problem by the invention” provided
there is a subjective situation of “knowing that the said invention is a patented invention and the said product is used for the working of the invention”.

The following discussion is based on different cases.

2. About i)

1) Where the means are “used exclusively for the producing of P”:

(a) About Y

As Y in the question is a person who “imports and sells product P in country A”, this person is involved in an act of direct infringement. In this case, the Patent Act of Japan does not require Y’s intention to qualify as infringement of patent rights. Even when determining whether X is involved in an act of indirect infringement, Y’s intention and whether X knew Y’s intention are not conditions to constitute indirect infringement.

(b) About X

In a case where X assigned “a product used exclusively for the producing of P” and Y did not actually import and assign product P in country A, as it is understood that indirect infringement is not constituted in connection with assignment for producing in a foreign country (Osaka District Court decisions of October 2, 2000 and December 21, 2000, Tokyo District Court decision of February 27, 2007), X is not held liable for contributory infringement (indirect infringement).

When X assigned “a product used exclusively for the producing of P” and consequently Y imported and assigned product P in country A, this is interpreted differently. As in Japan it is understood that assignment for production in a foreign country does not constitute indirect infringement, if this is formally applied, in the case of the question, indirect infringement is not constituted. However, in the case of the question, production in a foreign country was only conducted for import and sales in country A, and an act of direct infringement is to be executed in country A. In this point, as the above-mentioned court decisions (especially Tokyo District Court decision of February 27, 2007) are cases where not only the production of directly infringing product but also acts of direct infringement such as subsequent use were executed overseas, and are not cases where the directly infringing product was not returned to Japan, these judicial precedents are not the same as the case described in the question.

In the case of the question, as an act of direct infringement is to take place in country A, it is considered that X be held liable for contributory infringement (indirect infringement).

2) Where the means are “used for the producing of the product (excluding those widely distributed within Japan) and indispensable for the resolution of the problem by the invention”:

(a) About Y

If Y was actually involved in an act of direct infringement in country A, the said act constitutes direct infringement.

(b) About X

As indirect infringement is constituted when X executed the assignment “knowing that the invention is a patented invention and the product is used for the working of the invention”, that X is aware of “the existence of patented invention corresponding to product P” is a necessary condition to hold X liable for indirect infringement.

In the case of the question, as X is only aware that “Y intends to import the said means to country B to complete product P in country B”, recognition by X is not considered to be a case of “knowing that the product is used for the working of the invention” (This is because, as mentioned earlier, it is understood that acts for the working of an invention overseas do not constitute indirect infringement).

Therefore, X is not held liable for contributory infringement (indirect infringement).
3. About ii)

1) Where the means are “used exclusively for the producing of P”:
   (a) About Y
      Same as (a) of 2-1).
   (b) About X
      Same as (b) of 2-1).

2) Where the means are “used for the producing of the product (excluding those widely distributed within Japan) and indispensable for the resolution of the problem by the invention”:
   (a) About Y
      Same as (a) of 2-2).
   (b) About X
      As an indirect infringement was constituted when X executed assignment “knowing that the invention is a patented invention and the product is used for the working of the invention”, that X is aware of “the existence of patented invention corresponding to product P” is a necessary condition to hold X liable for indirect infringement.
      In the question, as X knew that “Y intended to export finished product P to country A”, this is considered to be a case of “knowing that the product is used for the working of the invention” on the assumption that X knew that “Y would export finished product P to country A” (and use it for assignment in country A, etc.). Therefore, if “X is aware of the existence of patented invention corresponding to product P”, X is considered to be held liable for contributory infringement (indirect infringement).

9.  a) Is the question of contributory infringement determined in accordance with the law of the country in which the means are:
    i) offered; or
    ii) supplied?

   b) What is the applicable law if the means are offered in country A but supplied in country B?

   c) Are there any other relevant principles to determine the applicable law?

Answer:

According to Article 101 of the Patent Act of Japan, which defines contributory infringement (indirect infringement), if certain conditions are satisfied, supply (transfer) of means within the country is “considered to constitute infringement” for both “offering for assignment” and “assignment”. This means that if there is either “offering for assignment” or “assignment” in Japan, it is possible to apply the Patent Act of Japan. (However, the possibility of application of the patent law of another country is not eliminated.)

The Patent Act of Japan is applied in cases where the “offering for assignment” was made in a foreign country and the actual “assignment” was executed in Japan. On the other hand, it is the dominant interpretation that the Patent Act of Japan cannot be applied in cases where the “offering for assignment” was made in Japan and the actual “assignment” was executed in a foreign country, as “assignment” in the said “offering for assignment” does not correspond to “assignment” in the Patent Act of Japan.

It is provided that supply (transfer) of means across countries is “considered to be infringement” for “importing” to Japan if the conditions of Article 101 of Patent Act of Japan
are satisfied. This means that the Patent Act of Japan can be applied to cases of importing to Japan. However, there is no stipulation that considers “exporting” from Japan to be an “infringement”, and therefore the Patent Act of Japan cannot be applied to exporting from Japan.

As the Patent Act of Japan does not consider “offering for importing” to Japan and “offering for exporting” from Japan to be acts of exploitation, these acts by themselves are never regarded as contributory infringements (indirect infringements).

In Japan, the commonly accepted theory about the principle in relation to geographical conditions requires that “act of direct infringement takes place in Japan” (dependence theory). For example, in a case where there is an assignment or offering for assignment of means manufactured in Japan to be exclusively used for exporting to another party for exclusive use for exporting, as this is a transaction assuming that “act of direct infringement does not take place on Japan”, it is not usually considered to be contributory infringement (indirect infringement).

II) Proposals for substantive harmonization

The Groups are invited to put forward their proposals for adoption of uniform rules, and in particular consider the following questions:

1. In a harmonized system of patent law, what should be the conditions for an act of supply or offering of means to qualify as a contributory patent infringement?

Answer:

Indirect infringement is infringement that does not fall into the category of direct infringement, but nevertheless is still considered to be infringement for acts with an extremely high probability of direct infringement to ensure effectiveness of protection of patent rights. Especially, as anything other than direct infringement shall, in principle, be non-infringement, and the stipulation of indirect infringement is supplementary to direct infringement, constitution of indirect infringement must be limited, and not only in a case that the probability of direct infringement is not extremely high, but also in a case that the degree of involvement with direct infringement is low, these should not be considered to be indirect infringements.

From this point of view, the stipulation in the Patent Act of Japan related to contributory patent infringement (indirect infringement) described in Section I.-1. is generally assumed to be adequate as a condition for the constitution of contributory patent infringement.

To begin with, acts of indirect infringement as defined by the Patent Act of Japan are “acts of producing, assigning, etc., importing or offering for assignment, etc.”, and “exporting” is not included. Article 2, Paragraph 3, which defines “working” of an invention, has been revised to include “exporting” as an act of exploitation of patented invention in consideration of the internationalization and systematization of the counterfeit goods problem as globalization of the economy advanced. Notwithstanding this situation, as there is a possibility of neglecting the purpose for regulating “exporting” as an act of exploitation if “exporting” of indirectly infringing products is not regulated, “exporting” must also be regulated as indirect infringement.

2. In a harmonized system of patent law, to what extent should injunctive relief be available to prevent contributory patent infringement?

Answer:

Under the Patent Act of Japan, “producing, assigning, etc., importing or offering for assignment, etc.” is subject to injunction as acts of indirect infringement.
In the case of exclusive product, as the said part, etc. substantially has no uses other than infringement of patent rights, injunction against producing, assigning, etc. should be thoroughly confirmed.

On the other hand, where there are other uses (Article 101, Items 2 and 5 of the Patent Act of Japan), as parts, etc. can be used for other applications, thorough injunction, which will prohibit the producing, assigning, etc. of parts, etc. that have nothing to do with the patent, may cover too wide a range of injunction. Of course, not permitting any injunction for reasons of the existence of other applications would hamper protection of patent rights and be against the spirit of establishing stipulation of indirect infringement.

To begin with, the reason for establishing stipulation of indirect infringement is that the probability of negligence of acts of preliminary or contributory patent infringement leading to infringement is extremely high, and identification of infringement after its occurrence is often difficult. Based on this discussion, in case identification of infringement is difficult, or when an indirectly infringing product is sold to unspecified or many people, thorough injunction of sales (assigning) should be ensured. On the contrary, in a case where the sale destination of an indirectly infringing product can easily be identified, injunction should be given by identifying the said sale destination. As for producing, in a case where the person supplied is actually using the product for other uses, injunction of production should not be confirmed.

3. In a harmonized system of patent law, how should it be determined where means are supplied or offered?

Answer:
Where means are supplied should be determined as follows:
1) If supply of means is completed within a single legal jurisdiction, the said legal jurisdiction is the place for supply of means.
2) If the departure point and arrival point of means belong to different legal jurisdictions, both legal jurisdictions are the places for supply of means. Even if means go through a legal jurisdiction(s) other than the two legal jurisdictions, the legal jurisdiction to which the en route point(s) belong(s) to is (are) not the place(s) for supply of means.

Where means are offered should be determined as follows:
1) If the sending point and receiving point of offering of means belong to the same legal jurisdiction, the said legal jurisdiction is the place for offering of means.
2) If the sending point and receiving point of offering of means belong to different legal jurisdictions, both legal jurisdictions are the places for offering of means.

4. Should special rules apply to offers transmitted via electronic devices or placed on the internet?

Answer:
As for offering of means using one-on-one communication (e.g. telephone, fax, e-mail), the method for determining the place of offering of means described under 3 mentioned above should be applied. Even when communication takes place between one person and multiple people, if it is considered to be a batch of one-on-one communications (e.g. simultaneous transmission of e-mail), each one-on-one communication should be treated as an independent communication, and the aforementioned method for determining the place of offering of means should be applied for each communication.

On the contrary, in a case where the administrator of an Internet website accessible by an unspecified number of people announces an intention of supplying means on the said website, this should be treated in a special manner. The reason is that if the method for determining the place of offering of means described under 3 above is applied to this case, as the said website is theoretically accessible from all over the world, the receiving points of offering of means are the entire world, and therefore, the place for offering the means is the entire world, resulting in an irrationality. This is because if the administrator of a website
announces an intention of supplying means on the said website, and the said website is accessible from all over the world, if such an act of announcement were made subject to application of the laws of legal jurisdictions of the entire world, this would be an excessive burden for the website administrator and would not be reasonable.

Therefore, in the above case, a special regulation that limits the range of determination of places for offering of means should be applied. As for a method of limiting the place for offering of means, either of the following views (or the combination of them) may be applicable:

1. In the first concept, the offering of means is not made until communication to a specific person is completed, and the offering of means has been made only when communication to a specific person has been completed. Based on this concept, at the time the website administrator announces an intention of offering means in the said website, offering of means has not been made yet. On the contrary, when the website administrator sends an intention of offering means in response to an inquiry from a person who browsed the website, offering of means has been made for the first time at that time, and both the sending point and receiving point are considered to be the places for offering of means.

2. In the second concept, the offering of means is made only to the legal jurisdiction that is assumed to be destination of supply in the said website. For example, if the website administrator is in country A, the said website is accessible from country B, and offering of means with destination of means assumed to be country B in the said website, both country A and country B are the places for offering of means. On the other hand, if the said website is accessible from country C, but supply of means with destination of means not assumed to be country C in the said website, country C will not be the place for offering of means. Whether a certain place is assumed as a destination of means on a website should be determined specifically depending of each case, taking into account explicit description on the said website (e.g. statement of offering of means to a certain area), language used on the said website, currency of settlement, means of settlement (e.g. whether payment by credit card is possible), past transactions on the said website, the actual range of customers, etc.

5. In a harmonized system of patent law, how should it be determined which country’s law should apply to acts of offering or supplying means where persons or actions in more than one country are involved?

Answer:
Laws in the legal jurisdiction where the place of the said supply or offering of means belongs should be applied to offering or supply of means (principle of territoriality). The method for determining the place of supply or offering of means is as described in 3 and 4 above.

When the places of supply or offering of means belong to multiple legal jurisdictions (for example, when the departure point and arrival point of supply of means belong to different legal jurisdictions, or when the sending point and receiving point of offering of means belong to different legal jurisdictions), laws in the multiple legal jurisdictions should be simultaneously applied to the said supply or offering of means.

6. Does your Group have any other views or proposals for harmonization in this area?

Answer:
As discussed in I.-1 above, there is the independence theory and the dependence theory concerning conditions for the constitution of contributory infringement (indirect infringement) under the Patent Act of Japan, but, in a harmonized system of patent law, the independence theory is more fitting. Therefore, that the legal jurisdiction where the place of supply or
offering of means belongs and the legal jurisdiction where the place where an act of infringement (or an planned act of infringement) using the said means takes place belongs are different, should not prevent the said act of supply or offering of means from being treated as contributory infringement.

**Note:** It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

December 2009
Q204 Summary

1. According to Article 101 of the Patent Act in Japan, the following are conditions for an indirect infringement:

(i) "where a patent has been granted for an invention of a product," a means that is provided or offered for provision is "any product to be used exclusively for the producing of the said product" (also called "exclusive goods") (Article 101 (i) and (iv)); or

(ii) "where a patent has been granted for an invention of a product," a means that is provided or offered for provision is "any product (excluding those widely distributed within Japan) to be used for the producing of the said product and indispensable for the resolution of the problem by the said invention (Article 101 (ii) and (v)).

In the case of (ii) above, the following conditions need to be met: the person (who provides the means that is provided or offered for provision) provides it or offers it for provision "knowing that the said invention is a patented invention and the said product is used for the working of the invention."

There are two theories about the constituting of an indirect infringement. One is that a direct infringement is a precondition for an indirect infringement ("dependence theory"). The other is that an indirect infringement can be constituted regardless of whether a direct infringement is constituted or not ("independence theory"). The dependence theory is commonly applied.

2. Under the Patent Act, as for an intention of the person who provides the means, there are "subjective requirements": whether the person provides it or offers it for provision, when the said means is not "exclusive goods," "knowing that the said invention is a patented invention and the said product is used for the working of the invention." However, there are not such requirements at all as for an intention of the person who receives the provided means: even if the person who receives the said means has the intention of using it for the working of infringing use, such an intention is not one of the conditions for the constituting of an act of contributory infringement.
3. If the provided means is exclusive goods such as parts, total prohibition of their production, assignment, etc. should be approved, because there are practically no purposes of use where the patent will not be infringed.

If there is a purpose of use where the patent will not be infringed, the scope of total prohibition is considered to be excessively wide because the production, assignment, etc. of parts not related to the patent may also be prohibited. However, if prohibition is not approved at all for the reason that there is such a purpose of use, the patent may not be protected adequately and such a decision is against the aim of the legal provisions on indirect infringement.

If indirectly-infringing goods are sold to an unspecified or large number of people, total prohibition of such sale (assignment) should be approved. When it is easy to locate destinations of sale, an injunction should be issued after these destinations are located. As for the production, if the person who receives the means (parts) actually uses the said means for another purpose, prohibition of the production should not be approved.

4. Acts that may constitute an indirect infringement include those of "producing, assigning, etc., importing or offering for assignment," but not "exporting." Exporting should be included in the acts to be controlled in relation to the indirect infringement, because, if not, the aim of Article 2 (3), where the act of exporting is controlled as "working" of an invention, could be disregarded.

5. The following is our opinion on how to determine the location where a means is provided:

(1) If a complete process of provision is carried out within a single jurisdiction, this jurisdiction will be regarded as the location where the means is provided.

(2) If a means is moved from one jurisdiction to another when provided, both jurisdictions will be regarded as the locations where means is provided. However, if the said means is provided via one or more jurisdictions, the jurisdictions of such intermediate points will not be regarded as the locations of the provision.
The location of an offer for provision should be determined in the following manner:

(1) If the starting point and the receiving point of an offer belong to the same jurisdiction, this jurisdiction will be regarded as the location where provision of the means is offered.

(2) If the starting point and the receiving point of an offer belong to different jurisdictions, the jurisdictions of both points will be regarded as the locations where provision of the means is offered.

6. It is possible that the operator of a website accessible to a large indefinite number of people may post on this website his/her intention to provide a means. Such a case should be handled in a special way. If the method described in 5 above were applied to this case, the receiving point of an offer would be located anywhere in the world because the website can be accessed from all over the world. It would not be reasonable if the law of every jurisdiction in the world might be applied due to the mere fact that the operator of a website posts his/her intention to provide a means and that the website is accessible from all over the world.

In this case, the following (one or both of them) may be applied to determine the location of an offer for provision:

(1) Regard an offer as having been made only when communications is performed with a particular person, on the assumption that an offer is not made until communications is performed with a particular person; and/or

(2) Assume that offers are made only to the jurisdictions of anticipated destinations for each website.