

DISCUSSION:

**VALIDITY OF PATENTS
IN THE PATENT OFFICE AND THE COURTS:
INTERNATIONAL COMPARISON**

Michael Meller: Let me ask one question of Dr. Franzosi. When somebody tries to explain inventive step or obviousness, I always think about this: What are you really saying when you talk about “enhanced knowledge?” We used to call it the “aha” test or the “flash of genius” test, as the Supreme Court called it back in the 1940s. Is there such a thing as a battle requirement, over and above novelty, obviousness, and utility?

Mario Franzosi: I believe that the law says you need to have novelty or non-anticipation, non-obviousness, and industrial application, as we say in Europe. So, that’s it, only three. There is nothing more than that. “Enhanced knowledge” is simply a classification of the prior art. I divided prior art into four classes and labeled them as common general knowledge, enhanced knowledge – it’s enhanced over the skill of the average technician, but it is nevertheless the prior art – then hidden knowledge and prior application. I do not enhance the level of the invention, but I have to enhance the level of the skilled technician to establish what is non-obvious.

Audience Member: On that same topic, we’ve heard speeches about bright-line tests. Where is the bright-line between enhanced knowledge and hidden knowledge? Combining Tashkent and Kabul, perhaps is hidden. Combining a University of Washington thesis and Harvard, is that hidden?

Franzosi: You are asking me too much! [Laughter.] There are plenty of attorneys in this country who are educated precisely for this kind of question. Unfortunately, you cannot clearly cut the concept with a knife and say “this is here and that is there.” I think that, in any event, a substantial group of prior art which is relevant for novelty should not be relevant for non-obviousness. How much, I don’t know. But I tend to move the limit to some extent and say that Tashkent does not consider the University of Santa Clara for software; maybe yes, the University of Kabul for software, maybe not.

Audience Member: Given the recent Japanese Supreme Court decision on having validity after an infringement case at the District Court level, I am not clear as to what level of deference or consideration the Tokyo High Court will give the District Court decisions on infringement for invalidity and infringement cases.

Judge Shuhei Shiotsuki: Some judgments that declared embodiment of patent by the Tokyo District Court have been sentenced. But appeals from those judgments are now pending. I don't think the judgment of those types of appeals is final. The members of the Tokyo High Court are very reluctant to declare invalidation in infringement cases. But the Tokyo High Court has decided the invalidation, so we have to decide whether the decision is held or not. This is a very tough job for us.

Audience Member: Let me try to ask it another way. With respect to the Tokyo High Court's review of the District Court decision of validity or no validity, do they review that *de novo*?

Shiotsuki: I do not understand *de novo*, but we have to fact find continually. We have to find facts from the first point.

Toshiko Takenaka: In this way, it is *de novo*. You pose a question of law as well as a question of fact.

Meller: After listening to Judge Cohn, who by implication criticized the Federal Circuit as being somewhat rueful about reversals, is it fair to say, for instance, that you in the High Court have a great deal more difficulty in making those reversals when you know the District Court spent a lot of time making those decisions?

Takenaka: What kind of reversal rate does the Tokyo High Court have, with respect to the infringement?

Shiotsuki [Takenaka translating]: With respect to appeals from Tokyo District Court, the Tokyo High Court will review around 10%, which is much lower than the 43% reviewed by the Federal Circuit.

Meller: Why is forum shopping more of a problem in Europe than in the U.S.? Is it because of national differences [within Europe] that haven't been resolved and won't be for awhile?

Jochen Pagenberg: It has never been a problem in Germany. It has become a problem in Europe, first of all because certain countries have an interest to get the most number of cases from an infringement scene. That is clearly visible with respect to the transport injunctions that the Dutch courts gave over many years. Now they have reduced these cases and have more clearly defined when they would regard jurisdiction to be in Holland.

In the future, there will be a concentration of cases in one country just because it is faster than other countries. Of course plaintiffs have an interest in getting a fast decision sometimes, or mostly. Therefore, knowing that the quality in some countries might be higher – at least some more than others – the idea is to spread the caseload a little bit over the 15, 18 or 20 countries that might ultimately be members of the final protocol. So, it's more of a competitive situation. Not so much that it's unfair to go to a different forum, if there is a reason to go there. That might explain to some extent why forum shopping has become an issue. For me as a litigator, it has never been one.

Audience Member: Judge Shiotsuki, is it a good idea to introduce a jury-system or quasi-jury?

Shiotsuki: The size of the jury is smaller than in the U.S. system. I think we expect the size of *quasi*-juries to be one or two people.

Meller: Are you just looking for the common person's understanding and knowledge? Or is there another reason?

Shiotsuki: What types of procedures or trials are the most critical? They are the judicial cases in very serious criminal issues or the like. They have tried to correct this system. So in IP cases we have to consider other thinking.

Meller: Are you looking for people who have technical expertise or just lay people?

Shiotsuki: We don't expect that just any person could participate in these trials.

Takenaka: Let me mention the proposal from the Japanese government committee. It's not like the jury system here. The jury system here has the sole power to decide the facts. But the system proposed by the government committee gives power to the layperson. Citizens will participate in the decision-making through judges.

Meller: Like a special advisor?

Takenaka: Yes, they share responsibility. It is more like the German system, rather than the U.S. system. As Judge Shiotsuki pointed out, such a system will be used only with respect to serious criminal cases.

Shiotsuki: Whether the participants can vote in the judgment is not determined.

Meller: Doi-san, since you have spent some time at the University of Washington, are you perhaps advocating that Japanese courts should do their own validity and not turn it over to the JPO? In other words, American courts handle validity and infringement questions. Were you trying to imply with your presentation that perhaps Japanese judges also should make decisions on validity, and not to rely on the Japanese Patent Office?

Shunichi Doi: I think the U.S. system is one of my models, which we discussed. But, I wonder why Japanese parties use JPO trials so frequently. The user practices are quite different than in the United States. When we give our power to the court, we remain there, like the re-examination system of the USPTO; so we have a double trial in the new system. I don't know what the Japanese user uses out-of-state.

Takenaka: So the current system has both. It requires patent owners to go to a Japanese court, as well as the Japanese Patent Office. Therefore, as pointed out by others, it doesn't make sense to have exclusive power given to the JPO to decide issues of validity because it is kind of an overlap.

Shiotsuki: Sorry I cannot give a clear answer, but I think we need a super court where the judges know everything.

Meller: Well, how would you feel about that sort of thing? How would you react, coming to make decisions on validity as well as infringement?

Doi: Well, I'll point out another issue. In Japan the registration of patents is considered very important, even if the courts in infringement cases declare the patent invalid, the registration remains. But once the declaration in the JPO trial has occurred, the registration is to be denied. So the JPO trial remains a significant point forever.

Meller: Pagenberg, what's your view?

Pagenberg: Strangely enough, we are now changing under the harmonization, while effects of Europeanization of nullity proceedings are also changing. We will probably combine the two, invalidity and infringement. On the other hand, a recent survey in Europe was a little bit ambiguous. Quite a number of countries would also be ready to change over to the separation system. So we don't know where things are going. Now, what I think is that, realistically, one has to anticipate that all countries will come to the combined system at some point.

Franzosi: To some extent there is a bifurcation in Europe, because the national court may ask for an opinion from the European Patent Office on validity – which is, at the end of the day, an opinion on construction, I would say. This is sort of a bifurcation.

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