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## *INTRODUCTION OF ARTICLES*

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### A Study of the Amount of Damages in Patent Infringement Litigation

The First Subcommittee,  
The Second Patent Committee

It has been pointed out that the amount of damages determined in patent infringement litigation in Japan is smaller than that in the United States and Europe. The Intellectual Property Policy Outline adopted on July 3, 2002, recommended discussion on a desirable system for determining the amount of damages with the objective of strengthening protection of intellectual property rights and enabling Japan to break away from being a society where infringers can “easily benefit from infringement.” Following such recommendation, this issue has been discussed from various aspects. The Subcommittee overviewed the legal grounds for calculating the amount of damages in Japan and those in the United States and Europe, and analyzed the legal provisions and calculation methods applied in recent cases where the courts determined the amount of damages. This work has revealed that the revision of Section 102 of the Japanese Patent Law in 1998 has made it easier for the patentee to prove the amount of lost profits, and the frequency of applying the theory of marginal profits to the calculation of profits has increased the amount of damages determined. The Subcommittee further considered the possibility of introducing punitive damages as a means to increase the amount of damages, thereby deterring patent infringement. However, we have come to a conclusion that the introduction of punitive damages, such as treble damages applied in the United States, would be completely against the Japanese legal framework and therefore cannot be deemed as reasonable. In order to strengthen protection of intellectual property rights, we should take measures to improve such methods of proving the amount of damages that are available to patentees and require litigation costs including legal fees from infringers, rather than introducing punitive damages.

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### The Smooth Utilization of Non-substitutable Upstream Technology Patents in Research

The First Subcommittee,  
Biotechnology Committee

The smooth utilization of non-substitutable upstream technology patents, such as gene patents, in research activities conducted at companies and universities, is discussed in the Strategic Program for the Creation, Protection and Exploitation of Intellectual Property. This report studies problems arising

from the patenting of non-substitutable upstream technology, pointing out that smooth utilization of upstream technology patents is desired so that such patents will not hinder industrial progress including the development of pharmaceutical products and enhancement of public welfare, which could be achieved as a result of research activities. Also, in order to solve these problems, study was conducted on taking various practicable measures under the current patent system as well as establishing, through reform of the current system or creation of a new system, an enforceable system that is acceptable from the perspective of balancing with rights.

This study indicates the necessity to build a system in which basic research will not be disturbed by patenting, while taking into consideration recent changes in the subject matters of inventions.

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## Cross-Border Patent Enforcement Against Infringement over the Internet

The Third Subcommittee,  
The Second Patent Committee

An act on the Internet has its particularity in the fact that its effect arises in places different from the place where the act was conducted. However, patents will become substantively valueless if borders based on the “principle of territoriality” exist in the patent system and it is possible to escape patent infringement by simply setting up a server overseas. For example, in the case of methods of services, the effect of a Japanese patent should be extended to patent infringement over the Internet even if a server is installed outside Japan or a terminal of a service provider is outside Japan, so long as a customer’s terminal exists within Japan. However, there is the constraint requiring that the act conducted by a server or a terminal be described as a constituent feature in the claims. Therefore, it is necessary to proactively consider cross-border patent enforcement, which would enable applying Japanese patents even to cases where not all of the constituent features in the claims are satisfied in Japan.

This report summarizes the idea of cross-border patent enforcement in Japan, the United States and Europe, respectively. In addition, this report examines claims that can be set up against a third party when a server is installed overseas, in terms of Japan, the United States and Europe, in light of the idea of cross-border patent enforcement in each country, thereby showing guidelines for patent practitioners who prepare specifications. Lastly, this report also considers the ideal method of cross-border patent enforcement in Japan.

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