

## Measures to be taken in the event of infringement of intellectual property rights in Japan

IP Newsletter

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### 1. Introduction

This article provides an overview of the measures that should be taken when intellectual property rights are infringed in Japan, and also briefly explains the measures that should be taken when others claim their intellectual property rights have been infringed. Although this article describes the specific measures to be taken in the event of patent infringement, these measures are essentially similar to, or the same as, those that apply to infringement of other forms of intellectual property rights.

### 2. Measures to be taken in the event of patent infringement

When you suspect your patent rights have been infringed, it first is necessary to obtain a sample of the alleged infringer's products and/or process, analyze it, and consider whether or not patent infringement has occurred. If there is a possibility of patent infringement, the general practice in Japan is to send an initial warning letter to the alleged infringer. If the alleged infringer refuses to comply with the warning letter, legal action should be taken, such as filing an infringement lawsuit.

#### (1) Analysis of the alleged infringer's products and/or process

If you suspect your patent rights are being infringed, it first is necessary to analyze the allegedly infringing product or process, by obtaining a sample of the allegedly infringing product (if the actual product is not available, you should obtain specifications, brochures, catalogs, or other relevant materials). Then it is necessary to analyze whether or not the relevant product or process infringes your patent rights.

In principle, in order for a patent right to be infringed, the product or process of the alleged infringer must satisfy all of the claims in the relevant patent. However, even if the allegedly infringing product or process does not satisfy all of the patent claims, patent infringement may be established if certain conditions are met, and it is established that the accused product or process and the constituent requirements of the patent fall within the same technical scope and can be regarded as substantially identical (via the Doctrine of Equivalents). Certain other acts, which are highly likely to induce infringement by a third party, also are considered infringements of patent rights (indirect infringement); for example, the manufacture and sale of parts used solely for the manufacture and sale of the allegedly infringing product.

#### (2) Sending a warning letter to the alleged infringer

When an investigation reveals that your patent rights are, or are highly likely to be, infringed, it is common practice to send a warning letter to the alleged infringer, stating that the allegedly infringing product or process

infringes the sender's patent rights, and including the patent holder's demands and proposals.

The demands and proposals commonly made to alleged infringers often include a demand for an injunction against the manufacture, sale, or other acts involving the allegedly infringing product, as well as a demand for compensation (damages). However, if the patentee does not use the patent and does not plan to do so in the future, the patentee may propose licensing or selling the patent to the alleged infringer.

Please note that there is a certain risk involved in sending a warning letter to an alleged infringer's business partners and/or making statements on the rights holder's website that its patent rights are infringed by the allegedly infringing product or process. If the patentee's patent is declared invalid, or if patent infringement is not found to exist after such a letter is sent or such a message is published, the sender/publisher may be liable for tarnishment and obligated to pay damages to the alleged infringer (Unfair Competition Prevention Act (Act No. Act No. 47 of 1993), Article 2, Paragraph 1, Item 21). Therefore, it is necessary to be careful when sending warning letters.

### **(3) Legal Action**

If the alleged infringer refuses to accept the patentee's demands or proposals despite the warning letter, the patentee needs to take legal action, for example, by filing a lawsuit.

In Japan, it also is possible to file a request for a provisional injunction under the Civil Provisional Remedies Act, which is a faster means of dispute resolution than litigation. However, unlike litigation, only an injunction can be demanded in a provisional injunction proceeding, and a claim for compensation for damages cannot be made. In addition, in order to obtain a court order for a provisional injunction, expensive security must be posted, and it often takes some time for a court to issue an order, because the court must examine whether or not patent infringement has occurred. Therefore, in practice, it is more common to file a lawsuit than a proceeding for provisional disposition.<sup>1</sup>

If infringement is proven to exist, the Patent Act permits an injunction to be issued against the infringing acts, whether or not the alleged infringer committed the infringement intentionally or negligently. By contrast, in order for a claim for damages against an alleged infringer to be granted, the alleged infringer must have committed the infringement intentionally or negligently.<sup>2</sup> The concept of punitive damages does not exist in Japan. Although this article does not address these issues in detail, Japanese law contains provisions establishing presumptions concerning the amount of damages (e.g., provisions that presume the profits gained by the infringer through the act of infringement are the patent holder's damages, or presuming the patent holder suffers damages in an amount equivalent to the license fee for the infringed patent) in order to reduce the burden of proof on patent holders.

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<sup>1</sup> However, in cases such as those involving trademark infringement, where a trial is relatively uncomplicated and less time-consuming than patent infringement, and where there is a need to stop the infringing act as soon as possible, it is practical to use provisional disposition.

<sup>2</sup> A patentee also can request restitution of any unjust enrichment caused by the infringement. Please note that a willful act or negligence by the alleged infringer is not necessary for restitution of unjust enrichment.

### 3. Measures to be taken when others claim that their intellectual property rights are infringed

When others claim that you are infringing their patent rights, the first thing to do is determine whether you can refute the claim and prove you are not infringing the claimant's patent, and/or whether you can prove that the claimant's patent is invalid, by conducting a search of prior literature or available evidence.

If it is not possible to deny infringement or invalidate the patent, it also may be useful to examine whether it is possible to claim the right of prior use, which is recognized in the Patent Act and allows a prior user to implement someone else's patent free of charge or liability (if the requisite requirements are met). The right of prior use is granted to a person who, at the time of the filing of a patent application made by another person, was engaged in a business or preparation for a business that constitutes or involves implementation of the invention that is the subject of to the patent application(s).

If it is difficult to make the counterarguments described above, the following measures may be taken.

- (i) change the specifications of your products and/or process to avoid patent infringement
- (ii) propose a cross-license arrangement, while claiming infringement of your patent rights by the claimant
- (iii) propose to obtain a license for use of the claimant's patent
- (iv) propose to purchase the other party's patent rights

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