

Applicable Law in Patent Infringement (summary)

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This article examines the applicable law in patent infringement matters. Recently in Japan, international industrial property disputes have increased, and private international law issues concerning industrial property have been hotly debated and discussed. Among these issues, the choice of law applied in patent infringement cases is likely the most important, and the Supreme Court addressed this issue in the Card-Reader Case.

In Chapter 1, I introduce the Card-Reader Case, and discuss two remarkable points made by it. One, the Supreme Court determined the applicable law for injunctive relief from patent infringement differently from determining that for damages attributable to patent infringement. Two, in making those determinations and deciding how those laws should apply, the Supreme Court emphasized the territorial principle of patent rights.

However, the territorial principle's meaning and basis are not clear. Therefore, in Chapter 2, I summarize the scholarly discussion concerning these problems. I believe that the territorial principle consists of two theses. One is that a patent right is legally recognized only in a country where its right is registered. Another is that the existence, recognition and extinguishment of a patent right are subject to the law of the protecting country. The basis for my first thesis is that a patent right is a monopoly granted by a country in consideration of its industrial policy, and my second thesis is the inevitable result of the first thesis.

In Chapter 3, I discuss what the applicable law governing patent infringement issues should be. The Supreme Court held that the applicable law for injunctive relief from patent infringement is the law of the country where that patent is registered because the Court, in making its characterization, considered an injunction to be an effect of a patent, and by characterizing damages attributable to patent infringement as related to tort law, applied the rule of *lex loci delicti*.

However, with regard to injunctions, the applicable law should not be the law of registration country because the plaintiff may then arbitrarily determine the applicable law by selecting a patent registered to him in any country which has

been infringed. Moreover in making its determination, the Supreme Court, although it determined the applicable law based on the territorial principle, refused to apply that law because its application would have conflicted with the territorial principle and would have been incompatible with the public policy of Japan.

My opinion is that the applicable law in regard to both injunctive relief and damages should be the law of the protecting country. This applicable law determination is more consistent with the territorial principle and gives predictability as to what law will be applied to users of inventions. And exceptionally, when infringement of country A's patent in country A is intentionally induced in country B, *lex loci delicti* will dictate that the applicable law is that of country A, and the patentee can claim damages from the actor in country B based on that law.