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PAC Case  
Tokyo Intellectual Property High Court  
Case No. H23 (Ne) 10031  
January 31, 2012

(Plaintiff-appellants: Nakata  
Yasuda Seisakusho)  
(Defendant-appellees: Carbo-tec  
Carbo-tec Hida  
Yamashita Mokuzai  
Seiki)

### FACTS

This is an appeal from the Tokyo District Court, seeking money damages and injunctive relief.

Plaintiff-appellants Nakata and Yasuda Seisakusho (Nakata and Yasuda) jointly own Japanese Patent No. 3364065 issued October 25, 2012 ( "the '065 patent" ) for an invention titled "Carbonization Method" .

The invention involves a method of manufacturing powdered activated carbon or powdered activated charcoal (PAC).

The invention according to the '065 patent has the following elements:

- A combustible material or a material containing a combustible material,
  - B coating the combustible material by mixing it with an inorganic binder containing bentonite,
  - C feeding the combustible material into a cylindrical oven open to the air through an intake at one end of the oven and conveying it to a discharge at the other end of the oven, and igniting the material from the direction opposite the conveyance direction to dry the material at the intake side, and
  - D the inorganic coating retards oxidation of the combustible material as it burns, to carbonize the material at the discharge side.
- Elements A and C are not in dispute.

The plaintiffs sued Carbo-tec for manufacturing and selling the device to manufacture PAC, indirectly infringing its '065 patent. They also sued Hida and Yamashita Mokuzai for selling carbonized board manufactured from the Carbo-tec's carbon and charcoal knowing that the product infringes the '065 patent. Seiki was also sued for using the ceramic board product as one of their building materials knowing that this infringes '065 patent.

The plaintiffs sought an injunction on the manufacture, sale, exhibiting for sale of the above products, and money damages of almost 100 million yen (jointly).

The district court rejected all the plaintiffs' claims. The plaintiffs appealed.

### ISSUE

1. Does Carbo-tec's method of manufacturing the ceramic carbon (Carbo-tec's method) belong to the same technical field as the '065 patent? (in regard to Elements B and D above)
2. Does Carbo-tec's method constitute indirect infringement of the '065 patent?
3. Has the plaintiffs' patent right exhausted (which means Carbo-tec and Hida does not infringe '065 patent)?

### HOLDING AND REASONING

The Tokyo Intellectual Property High Court dismissed all of the appellants' claims. Below are the holding and reasoning of the High Court in regard to the issues listed above.

1. Carbo-tec's method of manufacturing the ceramic carbon (Carbo-tec's method) does not belong to the same technical field as the '065 patent.

The Carbo-tec's method does not fulfill Elements B and D because the coating materials used in '065 patent and Carbo-tec's method are different, which makes the process of coating different.

The lower court indicated that the '065 patent uses wooden chip and bentonite while the Carbo-tec's method uses zeolite and calcium carbonate besides wooden chip and bentonite. Also, the lower court pointed out that the area of coating is different.

The high court added more reasons to the above, showing that the results of experiments conducted by Associate professor Mr. A and Nagano Prefectural Institute of Technology are not sufficient enough to prove that Carbo-tec's method fulfill Elements B and D above. Not only these experiments were conducted under different condition which Carbo-tec's method was manufactured, but the microscope used in the experiment was incapable of detecting the covering area precisely, and also, 'no photo evidence was submitted.

2.  
Carbo-tec's method does not constitute indirect infringement of the '065 patent.

As mentioned in 1, Carbo-tec's method does not infringe '065 patent. Therefore, Carbo-tec's method constitute patent infringement neither directly nor indirectly.

3.  
The exhaustion of patent right becomes an issue only when there is a patent infringement. Since Carbo-tec's method does not infringe '065 patent, the appellants' claim on this issue is dismissed.