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Notice Regarding Favorable Lawsuit Ruling

Infomart Corporation announces that, with respect to the “Notice Regarding Lawsuit Filed against the Company” (hereinafter, “the lawsuit”) made public on September 1, 2015, and the “Filing of a Countersuit” (hereinafter, “the countersuit”) made public on November 24, 2016, the Tokyo District Court has granted a favorable ruling for Infomart in the lawsuit on March 28, 2018.

1. Location and date of ruling

- (1) Location: Tokyo District Court
- (2) Date: March 28, 2018

2. About the lawsuits

(1) The lawsuit

On August 4, 2015, eBASE Co., Ltd., filed a lawsuit against Infomart to request an injunction on the grounds of copyright infringement, claiming JPY1bn in damages.

(2) The countersuit

On November 7, 2016, Infomart filed a countersuit against eBASE Co., Ltd., claiming JPY100mn in damages for eBASE’s unwarranted complaint.

3. Circumstances leading up to the ruling

(1) Filing of the lawsuit

On April 1, 2015, Infomart launched the BtoB Platform Standards Database service (hereinafter, “the system”) which is currently provided in the Food Standards Database business. In the development of the system, Infomart entered into a business alliance agreement with eBASE Co., Ltd. (hereinafter “eBASE”) on September 1, 2014. Under the conditions of the agreement, which set forth that the system’s intellectual property rights belong to Infomart, eBASE was entrusted with the development of the system.

However, as Infomart expanded its use of the system, eBASE unexpectedly cited the provisions of a license agreement drafted for a different purpose, which was concluded eight years earlier on April 1, 2007. eBASE made false allegations and demanded Infomart pay a substantial amount of money. When Infomart refused, eBASE filed a lawsuit claiming they owned the copyright on the system.

(2) Filing of the countersuit

Infomart earnestly claimed its legitimacy pertaining to the lawsuit in court, but reached a decision that eBASE had filed the lawsuit based on false allegations and that the filing of the lawsuit itself was an illegal action. Thus, on November 7, 2016, Infomart filed a countersuit seeking damages amounting to JPY100mn.

4. About the ruling

On March 28, 2018, the Tokyo District Court returned a verdict (hereinafter, “the ruling”), dismissing all claims filed by eBASE in the lawsuit as well as the claims filed by Infomart in the countersuit.

(1) About the lawsuit

The ruling set five disputed points relating to the copyright infringement claim, starting with whether the eBASEserver is a copyrighted database that eBASE alleged they developed (issue 1-1); and whether the database copyright for the FOODS Shinrai Net (currently the system) operated by Infomart belonged to eBASE (issue 1-2). The court held that regarding issue 1-1, the eBASEserver was not considered a database under the Copyright Act of Japan; and with respect to issue 1-2, in light of the contents of the business alliance agreement between Infomart and eBASE, it was agreed that the FOODS Shinrai Net database copyright clearly belonged to Infomart. The court ruled that there was no grounds for eBASE’s claims of copyright infringement even without considering other disputed points.

eBASE also claimed damages resulting from default and illegal activities, but in the ruling, this was also clearly denied.

As stated above, the ruling adopted Infomart’s assertion regarding the disputed points that form the basis of eBASE’s claims in the lawsuit, and dismissed eBASE’s claims without the need for taking other disputed points into account. The verdict was a complete victory for Infomart.

(2) About the countersuit

As many of the claims alleged in the lawsuit filed by eBASE were not based on fact, Infomart filed a countersuit claiming that filing the lawsuit itself was an illegal act and demanded damages. The ruling cited a strict standard as to whether the filing of a lawsuit acknowledged by the Supreme Court of Japan constitutes an illegal act. With respect to the lawsuit, the court held that it was unable to determine whether eBASE knew that its claims lacked factual and legal grounds, as well as whether the lawsuit was purposefully filed even though a normal person could simply ascertain that fact. For this reason, the court did not allow Infomart’s countersuit claims.

5. Future prospects

The ruling upheld Infomart’s allegations in the lawsuit and clarified that eBASE owns no rights with regard to the system. In addition, at this point in time the ruling is expected have only a minor impact on Infomart performance. In the event of any further issues requiring disclosure in the future, Infomart will provide all details in a timely manner.