

January 23, 2024

Proterial, Ltd.

Complete Victory in China Antitrust Litigation Regarding Patent Licensing for Sintered NdFeB Magnets

Proterial, Ltd. (hereinafter, “Proterial”) announces a complete victory in the abovementioned litigation following a ruling recently issued by the Supreme People's Court of China dismissing the claims of the four plaintiff companies (*) (hereinafter, the "judgment of the second instance"). The judgment of the second instance is in response to Proterial filing an appeal with the Supreme People's Court of China regarding the judgment of the first instance issued in April 2021, which resulted in the Ningbo Intermediate People's Court ruling that Hitachi Metals, Ltd. (Proterial's trade name up to January 3, 2023, hereinafter "Hitachi Metals") had abused its dominant market position (by refusing patent licensing deals with the four plaintiff companies) in the patent licensing market for sintered NdFeB magnets (hereinafter, the "judgment of the first instance").

* Ningbo Ketian Magnet Co., Ltd., Ningbo Permanent Magnetics Co., Ltd., Ningbo Tongchuang Strong Magnet Material Co., Ltd. and Ningbo Huahui Magnetic Industry Co., Ltd.

In the judgment of the first instance, the “related market” at issue was defined as “the licensing market for the sintered NdFeB essential patents held by Hitachi Metals (currently Proterial)” and ruled Proterial’s not granting licenses to the four plaintiffs as the abuse of a dominant market position. However, the judgment of the second instance rejected the ruling that Proterial had a dominant market position, on the grounds that the relevant market determined by the first instance did not exist.

The judgment of the first instance had the potential to have a major impact on intellectual property strategies of all companies holding powerful patents and exercising their rights in China. Proterial welcomes the judgment of the second instance as it is a reasonable judgment that is aligned with international antitrust law theory and in line with international intellectual property practices.

Proterial currently holds over 600 patents worldwide, including over 200 in Japan. These patents are comprised of key elements in the safe and more efficient commercial production of ever-evolving, high-performance sintered NdFeB magnets. Proterial's extensive patent portfolio, which is the result of capital investments and research and development, encompasses both component and process patents, and represents Proterial's core competence in the sintered NdFeB magnet industry.

Proterial will continue to aggressively defend and protect its sintered NdFeB magnet patent portfolio. We will also continue to externally disseminate our views and positions on our sintered NdFeB magnet patent portfolio to protect our customers, our licensees, and our company.

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