Date	October 30, 2013	Court	Tokyo District Court, 29th Civil Division
Case number	2011 (Wa) 21757		
– A case in which the plaintiff's claim for payment of the reasonable consideration for the employee invention was dismissed on the ground of the establishment of extinctive prescription.			

The plaintiff created the invention related to a hard disk (the "Invention") during his/her service at Company I. The plaintiff claimed against the defendant, the company which succeeded to the hard disk business segment of Company I as a result of a company split, for the payment of the reasonable consideration for the assignment of the employee invention in accordance with Article 35, paragraph (3) of the Patent Act before the revision by Act No. 79 of 2004.

The court dismissed the plaintiff's claim on the ground of the establishment of extinctive prescription by holding as follows.

Article 166, paragraph (1) of the Civil Code, which reads "The extinctive prescription commences to run when it has become possible to exercise the right," provides for the reference point of time for the commencement of the extinctive prescription. It is reasonable to interpret that the term "it has become possible to exercise the right" means that, in light of the nature of the right in question, it is practically possible to expect the exercise of such right, in addition to the mere absence of any legal ground obstructing the right holder from exercising his/her rights (see 1965 (Gyo-Tsu) 100, judgment of the Grand Bench of the Supreme Court of July 15, 1970, *Minshu* Vol. 24, No. 7, at 771).

In this case, the plaintiff assigned to Company I the right to obtain a patent for the Invention by February 1988 at the latest; however, Company I's invention incentive program at that time did not have any rule specifically setting the timing of payment of the reasonable consideration for an employee invention. Therefore, it is reasonable to assume the payment obligation for the reasonable consideration for the Invention to be an obligation without a fixed due date.

Accordingly, no legal ground can be found which would hinder the plaintiff from requesting the payment from Company I of the reasonable consideration of the Invention at the time of the assignment of the right to obtain a patent for the Invention. Further, the "amount of benefit to be received by the employer, etc. from the invention" set forth in Article 35, paragraph (4) of the Patent Act before the revision can be understood to mean the objective benefit at the time of the assignment of the right to obtain a patent, not the benefit which the employer, etc. enjoyed thereafter. So,

the reasonable consideration for the employee invention means the financial value of the invention calculated in an objective way at the time of the assignment thereof. Similarly, the reasonable consideration for the Invention is the financial value thereof at the time of the assignment of the right to obtain a patent, calculated in an objective way. As such calculation was possible at the time of the assignment, it was practically possible to expect the exercise of the right when requesting the payment of the reasonable consideration for the Invention, in light of the nature of such right.

Based on the foregoing findings, it is reasonable to consider that the extinctive prescription for the right to request payment of the reasonable consideration for the Invention commences to run from the time of the assignment of the right to obtain a patent for the Invention.