

Judgments of Osaka District Court, 21st Civil Division

Date of the Judgment: 2005.4.28

Case Number: 2004(Wa)No.11261

Title:

The case in which the judgment recognized the completion of negative prescription when a former employee of a defendant company requested consideration for an invention that was created during his service to the defendant company

Summary of the Judgment:

The plaintiff was a former employee of the defendant's company. He invented an invention in service around August 1979 and made the defendant company succeed the right to obtain a patent on the invention. The defendant company filed a patent application on August 8, 1979 and received confirmation of the registration of the creation of the patent right on October 29, 1986. Afterward, the plaintiff resigned from the defendant company, and subsequently brought this action to the court.

With respect to the commencement of negative prescription, the judgment found as follows. The defendant company had developed rules for managing inventions and utility models after the invention of this case was completed. The rules provided that the consideration for the defendant's succession to the right to obtain a patent on an invention in service was awarded as compensation for practice and not as compensation for application, defined respectively as (i) when the company admits that the effect of the practice contributed to company performance and (ii) when the company obtains profits from the transfer or the licensing of the patent right. Related to the commencement of negative prescription based on these rules, the judgment found that the rules did not provide a clear, set the number of payments or timing of payments in the compensation for practice, and it was decided that the legal provisions for the time of payment by in-service regulation etc. was the legal obstacle that enforced the right to demand a consideration of which amount should already be objectively decided when it happened, and of which time of payment of the compensation for practice should be construed to come when the defendant company practiced the invention after the registration of the patent right. It was decided that January 31, 1988, the day that the defendant had practiced the invention last without dispute between the two sides was the time of payment, which was the commencement of negative prescription. The negative prescription was completed after a lapse of 10 years from the commencement.

Next, because the defendant company commended the plaintiff for his achievement and awarded cash prizes as extra prizes on June 26, 2001 and October 4, 2002, the case had at issue whether obligations after the completion of the prescription were to

be acknowledged based on the above facts. The judgment did not deny that the commendation of achievement was characteristic of rewarding merits of the invention with money; however, (i) because the commendation of achievement was awarded not only when inventions were made but also when some improvement or business innovation accorded by outstanding creativities contributed to performance, (ii) because the commendation of achievement was not awarded in the event of punitive dismissal, and (iii) because the commendation of achievement and the consideration for a invention in service were provided under different sections and some employees applied to only one of them, it found that the commendation of achievement and its extra prizes were awards for benefits and that the cash prize awarded as an extra prize did not have the nature of being a consideration for the invention in service; thereby, it denied the acknowledgement of obligations after the completion of the prescription.

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