

Patent Right	Date	October 4, 2023	Court	Intellectual Property High Court, Third Division
	Case number	2021 (Ne) 10061		
<p>- A case in which, concerning the filing and conducting of a suit, the court determined that there is neither non-performance of obligation nor an act of tort under the licensing agreement.</p> <p>- A case in which the court held that there is no legal interest for a suit which seeks confirmation that the patentee has no right to claim damages, on the ground of patent right infringement, against a person (Person 1) to whom the patentee granted an exclusive license, or a person (Person 2) who manufactured and sold products using the machinery and equipment that were manufactured by Person 1 and given to Person 2.</p>				

Case type: Compensation, Confirmation of the nonexistence of obligation to compensate for damages caused by patent infringement

Result: Partial reversal of the prior instance judgment

References: Article 99 of the Patent Act

Related rights, etc.: Patent No. 2696244, US Patent No. 5075064

Summary of the Judgment

1. Concerning the patent right, etc. which the First Instance Defendant held in Japan and the United States (US), the First Instance Defendant had concluded a licensing agreement with the First Instance Plaintiff. Products that were manufactured using the machinery and equipment, which the First Instance Plaintiff had sold and delivered to a Korean company, were imported by the Korean company to the US. In the US, the First Instance Defendant filed a patent right infringement suit against the Korean company and won the case, and the Korean company (Intervenor in the present suit) paid damages to the First Instance Defendant. The First Instance Plaintiff and the Korean company had agreed, in a sales contract for machinery and equipment, that in the event that a suit or the like is filed on the ground of patent right infringement, the First Instance Plaintiff shall pay all costs and expenses required for handling the matter (Compensation Accord). Accordingly, the First Instance Plaintiff paid the approved amount, etc. to the Intervenor.

In the First Case, the First Instance Plaintiff argued that the First Instance Defendant's act of filing and conducting a suit in the US falls under non-performance of obligation or an act of tort under the aforementioned licensing agreement, and demanded that the First Instance Defendant pay part of the costs and expenses which the First Instance Plaintiff had paid to assist the Intervenor in the suit in the US.

In the Second Case, concerning the Intervenor's act of using the aforementioned machinery and equipment, which were manufactured and sold by the First Instance

Plaintiff, to manufacture products, and of selling the products, the First Instance Plaintiff sought confirmation that the First Instance Defendant does not have the right to claim damages against the First Instance Plaintiff on the ground of infringement of the patent rights of the present case.

In the prior instance judgment, the prior court dismissed the First Instance Plaintiff's claim of the First Case, and approved the First Instance Plaintiff's claim of the Second Case, and both the First Instance Plaintiff and the First Instance Defendant filed appeals.

In the appeal trial, the First Instance Plaintiff added a claim against the First Instance Defendant, on the ground of non-performance of obligation or an act of tort of the aforementioned licensing agreement, for partial payment of the money which the First Instance Plaintiff had paid to the Intervenor pursuant to the aforementioned Compensation Accord.

2. In the judgment of the present case, the court partially reversed the prior instance judgment by holding as follows.

(1) Interpretation of the licensing agreement

According to the licensing agreement, the First Instance Defendant, who is the patentee, is to take measures to eliminate or prevent patent right infringement. In addition, the licensing agreement does not provide for the covenant-not-to-sue. As such, in regard to the act by the Intervenor, who is not a party to the licensing agreement, of infringing on the patent right in the US, the licensing agreement contains no provision that prevents the First Instance Defendant from taking measures to eliminate or prevent such infringement. In that case, the First Instance Defendant cannot be understood as having, under the licensing agreement, the obligation not to exercise the patent right of the present case against said products, which were produced by working the patent right of the present case and by using the machinery and equipment that were sold by the First Instance Plaintiff.

(2) Whether or not the First Instance Defendant's filing or conducting of a suit in the US constitutes non-performance of obligation under the licensing agreement

The licensing agreement does not contain any tenor that prevents the First Instance Defendant from exercising the patent right, so that there is no reason for which the First Instance Defendant's liability for non-performance may be pursued under the licensing agreement. There is also no trace of notification, or a proposal for negotiation as stipulated in the licensing agreement, so that the filing by the First Instance Defendant of a suit in the US against the Intervenor and continuing with the suit cannot constitute non-performance of obligation under the licensing agreement.

(3) Whether or not the First Instance Defendant's filing or conducting of a suit in the US constitutes an act of tort

The licensing agreement does not contain any provision that restricts the First Instance Defendant's exercising of right against patent right infringement, including the covenant-not-to-sue, so that it cannot be said that the First Instance Defendant's act, per se, of filing a suit in the US against the Intervenor and conducting the suit is immediately considered illegal because of the existence of the licensing agreement. Even upon giving consideration to the Supreme Court judgment which was rendered in 1988 for a case in which filing and conducting a suit constituted an act of tort, and the Supreme Court judgment which was rendered in 2010 for a case concerning the final judgment allegedly obtained by fraud, it cannot be acknowledged, concerning the case in the US, that the First Instance Defendant's act significantly lacks appropriateness or that the act is significantly unjust in light of the purport of the court system, and there is no room to understand that the act constitutes an act of tort.

(4) Concerning the Second Case, whether or not there is legal interest for a suit to confirm nonexistence of obligation of the First Instance Plaintiff

The First Instance Defendant stated that even if the First Instance Defendant has the right to claim damages against the First Instance Plaintiff on the basis of the infringement of patent rights of the present case, the First Instance Defendant waives the right to claim. Given this statement, there is no legal interest for a suit for the confirmation that the First Instance Defendant does not have the right to claim damages against the First Instance Plaintiff on the ground of patent right infringement. The court should dismiss the First Instance Plaintiff's suit pertaining to the Second Case.

(5) Conclusion

Based on the above, the prior instance judgment which approved the First Instance Plaintiff's claim made in the Second Case, is unjust, so that, pursuant to the appeal filed by the First Instance Defendant, the part in which the First Instance Defendant lost in the prior instance judgment shall be reversed, and the First Instance Plaintiff's suit pertaining to the Second Case shall be dismissed. The prior instance judgment, which dismissed the First Instance Plaintiff's claim pertaining to the First Case, is just in its conclusion. The First Instance Plaintiff's additional claim made in this court, having no grounds, shall also be dismissed.