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Date of the judgement

2003.04.22

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Case Number

2001(Ju)1256

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Reporter

Minshu Vol.57, No.4 ,at 477

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Title

Judgment upon the case concerning the propriety of demanding the balance due when an employee assigns the right to obtain a patent with respect to their invention to their employer, yet the remuneration decided by the company's service regulations or other stipulations is less than the amount according to Article 35(3) and (4) of the Patent Law.

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Case name

Case to seek compensation

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Result

Judgment of the Third Petty Bench, dismissed

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Court of the Second Instance

Tokyo High Court, Judgment of May 22, 2001

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Summary of the judgement

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1. An employee, etc., who assigned a patent or the patent right with respect to an employee's invention to the employer, etc., according to the service regulations or other stipulations

provided in advance by an employer, etc., even in the case that remuneration is provided for in the service regulations or other stipulations, yet the amount of said remuneration is less than the reasonable remuneration provided in Article 35 (3) and (4) of the Patent Law, according to Article 35(3), is eligible to demand the deficit amount.

2. In the event that the date of remuneration payment is covered in the service regulations or other stipulations decided by the employer, etc., the period of extinctive prescription of the right to obtain reasonable remuneration according to Article 35(3) of the Patent Law begins from the date of remuneration payment.

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References

(Concerning 1 and 2)

Article 35 of the Patent Law

(1) An employer, a legal entity or a state or local public entity (hereinafter referred to as the "employer, etc.") shall have a non-exclusive license on the patent right concerned, where an employee, an executive officer of a legal entity or a national or local public official (hereinafter referred to as the "employee, etc.") has obtained a patent for an invention which by reason of its nature falls within the scope of the business of the employer, etc.,. and an act or acts resulting in the invention were part of the present or past duties of the employee, etc., performed on behalf of the employer, etc.,.(hereinafter referred to as an "employee's invention") or where a successor in title to the right to obtain a patent for an employee's invention has obtained a patent thereof.

(2) With respect to the invention made by an employee, etc., which is not an employee's invention, any contractual provision, service regulation or other stipulation providing in advance that the right to obtain a patent or the patent right shall assign to the employer, etc., or that the employer shall have an exclusive license on such invention shall be null and void.

(3) The employee, etc., shall have the right to a reasonable remuneration when the employee has enabled the right to obtain a patent or a patent right with respect to an employee's invention to assign to the employer, etc.,. or has given the employer, etc., an exclusive right to such invention in accordance with the contract, service regulation or other stipulations.

(4) The amount of such remuneration shall be decided by reference to the profits that the employer, etc., will make from the invention and to the amount of contribution the employer, etc.,. made to the making of the invention.

(Concerning 2)

Article 166(1) of the Civil Code

Extinctive prescription begins to run from the time when the right is capable of being exercised.

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Main text of the judgement

1.The jokoku appeal shall be dismissed.

2.The first paragraph of the main text of the judgment of the first instance shall be corrected as follows:

(1)The defendant shall pay the plaintiff 2,289,000 yen plus interest at a 5% annual rate from March 23, 1995 until it is completely paid.

3. The jokoku appellant shall owe the cost of the jokoku appeal.

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Reasons

No.1 Summary of the case

1. This is a case where the jokoku appellee, a former employee of the jokoku appellant, demands the jokoku appellant to pay a reasonable remuneration for the assigning of the right to obtain a patent with respect to an employee's invention according to Article 35(3) of the Patent Law.

2. Following is a summary of facts legally settled by the original instance.

(1) The jokoku appellant is a company running a business of production and sales of optical apparatuses. The jokoku appellee joined the company of the jokoku appellant in May 1969. From 1973 until 1978, the jokoku appellee belonged to the research and development division of the jokoku appellant and engaged in research and development of videodisc apparatuses. In November 1994, the jokoku appellee retired from the company of the jokoku appellant.

(2) The jokoku appellee made an invention entitled "pick up apparatus" described in item 3 of the patent list attached to the judgment of the first instance (hereinafter referred to as the "invention of the case"). The invention of the case is regarded as the employee's invention designated by Article 35(1) of the Patent Law because it falls within the scope of the business of the jokoku appellant and the act resulting in the invention is part of the jokoku appellee's duties.

(3) With respect to the employee's invention, the jokoku appellant provided a "handling regulation of inventions and utility models" (hereinafter referred to as the " jokoku appellant's regulation"). Following are items provided in the jokoku appellant's regulation:

The right to obtain a patent with respect to the employee's invention is assigned to the jokoku appellant;
the jokoku appellee shall pay a form of remuneration to the employee who made the employee's invention, for example, remuneration at the time of obtaining income from industrial property right;
in the case that the jokoku appellant receives income continuously from a third party resulting from industrial property right with respect to the employee's invention - judged from the two year period from the start date of receiving said fees - the jokoku appellant shall pay the employee remuneration during the time of obtaining income from the industrial property right, up to a maximum of 1,000,000 yen, in one single payment.

(4) In accordance with the jokoku appellant's regulation, the right to obtain a patent with respect to the invention of the case was assigned to the jokoku appellant from the jokoku appellee, whereby the jokoku appellant made an application for, and obtained the patent right. In addition to the aforementioned patent right, based on multiple patent rights and utility model rights concerning the pick up apparatus, since October 1990, the jokoku appellant concluded working license agreements with production companies of the pick up apparatus and has continuously received license fees.

(5) With regard to the jokoku appellee assigning the right to obtain a patent with respect to the invention of the case to the jokoku appellant, in accordance with the jokoku appellant's regulation the jokoku appellee received 3,000 yen as compensation for application on January 5, 1978, 8,000 yen as compensation for registration on March 14, 1989, and 200,000 yen as remuneration at the time of obtaining income from industrial property right on October 1, 1992.

3. Based on the above facts, the original instance decided as follows; acceptance of the jokoku appellee's claim within a limit of 2,289,000 yen calculated by deducting the remuneration at the time of obtaining income from industrial property right that the jokoku appellee has already received from 2,500,000 yen - determined as the reasonable remuneration for the case.

(1) In cases where the remuneration with respect to the employee's invention calculated by the service regulations or other stipulations of an employer is less than the amount provided by Article 35(3) and (4) of the Patent Law, an employee, etc., is eligible to demand a reasonable remuneration according to said article, irrespective of the amount calculated by the employer, etc., according to the above mentioned stipulation.

(2) The income from industrial property right as a basis for calculation of a reasonable remuneration was not evident when the jokoku appellee received remuneration at the time of obtaining income from industrial property right in October 1992, therefore the amount of remuneration that should have been received by the jokoku appellee was uncertain, and the jokoku appellee could not be expected to exercise his right of receiving a reasonable remuneration. Accordingly, extinctive prescription did not start until said day, therefore, on March 3, 1995, when the jokoku appellant brought the lawsuit of the case, the extinctive prescription had not expired.

No.2 Concerning the grounds for application of the jokoku appeal No.1 by the jokoku appeal attorneys OBA Masanari, SUZUKI Osamu, and OHIRA Shigeru

1. Article 35 of the Patent Law is stipulated, on the assumption that the right to obtain a patent with respect to an employee's invention originally belongs to the employee, etc., who has made the invention of the case (see Article 29(1) of the Patent Law), concerning the attribution and use of the right to obtain a patent and patent right (hereinafter referred to as the "right to obtain a patent, etc.") with respect to the employee's invention, for the purpose of protecting the interests of the employee, etc.,. and employer, etc., as well as harmonizing the interests between the two. In other words, Article 35 stipulates that (1) the employer, etc., has a non-exclusive license on the patent right with respect to the employee's invention (Article 35 (1) of the Law), (2) with respect to the invention made by the employee, etc., which is not an employee's invention thereof, any stipulation providing that the right to obtain a patent, etc., shall assign to the employer, etc., is null and void (Article 35 (2) of the Law); and therefore, interpretation of the contrary, i.e. with respect to the employee's invention, such stipulations are valid, (3) when an employee assigns the right to obtain a patent, etc., to the employer, etc. the employee shall have the right to a reasonable remuneration (Article 35(3) of the Law), (4) the amount of such remuneration shall be decided by reference to the profits that the employer, etc., will make from the invention and to the amount of contribution the employer, etc., made to the making of the invention (Article 35(4) of the Law). According to the stipulation, irrespective of whether the employee, etc., has an intention of assigning the right to obtain a patent, etc., with respect to the employee's invention to the employer, etc., the employer can make in advance a provision in the service regulations or other stipulations (hereinafter referred to as the "service regulation, etc." purporting that the right to obtain a patent shall be assigned to the employer, etc., and in such stipulations, they can also specify that a remuneration shall be paid for the succession of the right as well as the amount of the remuneration and the date of payment. However, before the employee's invention is made and the content and value of the right to obtain a patent, etc., to be

assigned becomes definite, it is apparent that the amount of the remuneration cannot be determined in advance. Therefore, even in light of the purpose and content of said article, it cannot be interpreted as permissible. In short, the remuneration provided in the service regulation, etc., although it can be regarded as a part of the reasonable remuneration provided by Article 35(3) and (4), it cannot be regarded as the whole amount of a reasonable amount that can be paid immediately. When the amount of the remuneration finally corresponds to the purpose and content of Article (4), it can be regarded that the amount is equivalent to the reasonable remuneration provided by Article 35(3) and (4). Therefore, it is a reasonable interpretation that, although there is a stipulation concerning the remuneration to be paid for the employee, etc., by the employer, etc., the employees, etc., who assigned the right to obtain a patent, etc., with respect to the employee's invention to the employer, etc., according to the service regulation, etc., can demand the remuneration for the deficit in accordance with Article 35(3), when the amount of the remuneration by the service regulation, etc.,. is less than that decided by Article 35(4).

2. In this case, as mentioned in No.1, 2., in the jokoku appellant's regulation, it was stipulated that the right to obtain a patent, etc., with respect to the employee's invention made by an employee of the jokoku appellant shall be assigned to the jokoku appellant, and in the case where the jokoku appellant receives income from the industrial property right, the jokoku appellee would receive remuneration at the time of obtaining income from the industrial property right, however, it was also stipulated that the amount would be no more than 1,000,000 yen. The Jokoku appellee received the remuneration for the invention of the case according to the Jokoku appellant's regulation. From all of the above, when the reasonable amount decided by Article 35(3) and (4) exceeds the amount of the remuneration provided by the jokoku appellant's regulation, the jokoku appellant shall be eligible to claim this point and demand the deficit.

3. The decision of the above No.1, 3(1) of the original instance can be accepted because it is a claim under the aforementioned reasoning. In the end, this line of argument cannot be accepted because it does nothing more than reproach the original decision from its own viewpoint.

No.3. Concerning the grounds of No3. for the application of jokoku appeal

1. In a case that service regulation stipulates that the right to obtain a patent, etc., which is an employee's invention shall assign to the employer, etc., the employee, etc., shall have the right to a reasonable remuneration when they enable the right to obtain a patent, etc., with respect to

an employee's invention to assign to the employer, etc., in accordance with the service regulation, etc.(Article 35(3)). Article 35(4) provides for the amount of the remuneration, therefore, when the amount calculated by the service regulation, etc. is less than the amount decided by Article 35(4), it shall be corrected to said amount, however, there is no stipulation for the date of payment. Therefore, when the service regulation, etc.,. stipulates the date of payment, until the date arrives, due to the legal obstacle to exercising of the right to a reasonable remuneration, payment cannot be demanded. Therefore, when the service regulation, etc., stipulates the date of payment to be paid to the employee, etc., by the employer, etc., it is reasonable to understand that extinctive prescription of the right to a reasonable remuneration starts from that date of payment.

2. In this case, the jokoku appellant's regulation stipulated that when the jokoku appellant receives income continuously from a third party resulting from industrial property right- judged from the two year period from the starting date of receipt of such income - the jokoku appellant shall pay the employee a remuneration just one time, whereby the jokoku appellant actually received license fees for the invention of the case, as described by the above No.1, 2. In which case, extinction prescription of the right to a reasonable remuneration started from the date when the remuneration to be paid in accordance with the jokoku appellant's regulation, which makes it apparent that the extinction prescription of the jokoku appellant's right was not completed on March 3, 1995 when the jokoku appellant brought the lawsuit of the case to trial.

3. In conclusion the decision of the above No.1, 3(2) in the original instance concerning the argument is justifiable, and there is no illegality in the original judgment that was claimed by the argument. In the end, the line of argument cannot be accepted.

No.4 Additionally, it is apparent that there is an obvious error in the first paragraph of the main sentence of the original judgment in the line of the grounds, it shall be corrected in the form of the main text in accordance with Article 257(1) of the Code of Civil Procedure.

In the end, the judgment was rendered in the form of the main text by the unanimous consent of the Justices.

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Presiding judge

Justice UEDA Toyozo

Justice KANATANI Toshihiro

Justice HAMADA Kunio
Justice FUJITA Tokiyasu

(This translation is provisional and subject to revision.)