

Patent Right	Date	May 30, 2022	Court	Intellectual Property High Court, Second Division
	Case number	2021 (Ne) 10006		
- A case in which consideration for employee inventions was claimed with regard to a patent right for an invention titled "Disk, disk recording apparatus and disk recording/reproducing apparatus" and corresponding foreign patents and utility models, the court ordered payment of reasonable consideration, ruling that there was an unpaid amount of reasonable consideration and that the prescription was nullified by the payments of compensation.				

Case type: Compensation for Employee Invention

Results: Modification of the prior instance judgment, the claim of the First-Instance Plaintiff partially granted

References: Article 35, paragraph (3) of the Patent Act (prior to amendment in 2004)

Related rights, etc.: Patent No. 3060460

Judgment of the prior instance: Tokyo District Court, 2016 (Wa) 29490 (rendered on August 26, 2020)

Summary of the Judgment

1. In this case, the First-Instance Plaintiff, who was an employee of the First-Instance Defendant, claims reasonable consideration against the First-Instance Defendant under Article 35, paragraph (3) of the Patent Act (prior to amendment in 2004) and Article 11, paragraph (3) of the Utility Model Act (prior to amendment in 2008) or through analogical application of these provisions, alleging that the First-Instance Plaintiff vested the First-Instance Defendant with his/her share in the right to obtain a Japanese patent and foreign patents for his/her invention or device made in the course of duty (employee invention or employee device). The title of the invention of the patent disputed in this case is "Disk, disk recording apparatus and disk recording/reproducing apparatus." In accordance with the First-Instance Defendant's internal rules, the First-Instance Plaintiff transferred to the First-Instance Defendant the right to obtain patents (including utility models) for this invention all around the world. The First-Instance Defendant obtained patent or utility model registrations in eight countries including Japan, the United States and Australia.

The court of prior instance found that the First-Instance Defendant works the abovementioned invention in Japan and the United States, and ordered the First-Instance Defendant to pay to the First-Instance Plaintiff 12,276,603 yen as reasonable

consideration calculated on the basis of the profit earned by working the invention and the license income, with delay damages accrued thereon. Both parties filed appeals against the judgment in prior instance.

2. There are a wide range of issues in this case. In this judgment, the court modified the judgment in prior instance and increased the awarded amount to 25,571,858 yen with delay damages accrued thereon, holding as follows.

(1) Concerning the profit earned by working the invention

The First-Instance Defendant's Products are standardized products such as CD-R/RW disks, etc. If there is no evidence to the contrary, it is appropriate to find the structures of these products based on the specification documents. As the First-Instance Defendant's Products are found to fulfill the patents granted in Japan, the United States, and Australia, the First-Instance Defendant works the patented invention by selling the First-Instance Defendant's Products in these countries.

In addition, given the facts such as that the patent in question is designated as a standard-essential patent and there was no alternative technology for manufacturers and sellers of the standardized products, and that the First-Instance Defendant's Products had a large market share, it cannot be said that the First-Instance Defendant did not enjoy the profit from monopolization. Comprehensively taking into consideration the noticeable circumstances in this case, it is appropriate to determine the rate of extra sales to be 20%, and it is appropriate to determine the rate of extra sales to be one half (10%) for the period after the filing of the application but before the registration, during which whether a patent would be registered or the technical scope of the patented invention had not been determined and the monopolistic effect was limited.

(2) Concerning the profit from a royalty-free comprehensive cross license

The profit to be gained by a party to a comprehensive cross license agreement is the exemption from paying the royalty that the party should have paid. The amount of royalty that the party is exempt from is presumed to be equal to the amount of royalty that the other party should have paid. As manufacturing and selling the standardized products in question require the working of Patents 1, 2, and 7 (patents in Japan, the United States, and Australia), the other party to the comprehensive cross license agreement can be presumed to have worked Patents 1, 2 and 7, and it is clear that these patents contributed to the comprehensive cross license agreement. (Specifically, the amount of profit from each of Patents 1, 2 and 7 was calculated as follows: the amount equivalent to the royalty was calculated by multiplying the unit price under the license by the number of the standardized products sold by the other party to the comprehensive cross license agreement; then, the amount of profit per patent was calculated by dividing

the obtained amount equivalent to the royalty by the number of patents that are presumed to have been subject to the comprehensive cross license agreement).

(3) Concerning prescription

Under the First-Instance Defendant's internal rules, it is provided that employees are to transfer to the First-Instance Defendant their right to obtain patents for employee inventions all around the world including Japan. In this case as well, it is found that the right to obtain patents all around the world has been transferred at one time. Under the internal rules at that time (when compensation was paid), it was provided that compensation for working was to be paid by taking into account the contribution of intellectual property rights granted in other countries for the same invention. The First-Instance Defendant notified the First-Instance Plaintiff of its intention that it would not pay compensation for working of Patent 2 because the First-Instance Plaintiff had already been given an award twice by means of the payments of compensation. In light of these facts, it is appropriate to find that the abovementioned payments were payments of consideration for the transfer of the First-Instance Plaintiff's share in the right to obtain patents for all of the inventions in question. The abovementioned payments by the First-Instance Defendant to the First-Instance Plaintiff constitute partial performance of the obligations corresponding to respective claims for reasonable consideration and therefor constitute acknowledgement of the obligations. Accordingly, the prescription for respective claims for reasonable consideration was nullified by these payments.