

Patent Right	Date	November 20, 2018	Court	Intellectual Property High Court, First Division
	Case number	2018 (Ne) 10031		
<p>- Upon being subject to the presumption of the amount of damages pursuant to Article 102, paragraph (2) of the Patent Act, the amount of lost profits suffered by a co-owner is presumed, in principle, according to the extent of his or her working of the patented invention.</p> <p>- When not all of the co-owners exercise the right to demand compensation for their patent right against an infringer based on the presumption of the amount of damages under Article 102, paragraph (2) of the Patent Act, the presumption of the amount of damages pursuant to the same paragraph shall be partially overturned within the limit of the amount equivalent to the license fee pursuant to paragraph (3) of the same Article according to the ownership ratio of the other co-owners pertaining to the non-working of the patented invention.</p> <p>- A case in which court of second instance dismissed the addition of claims, including a defense of invalidity, by the Defendants of the first trial by determining that the addition was made outside the appropriate time, and that the addition of claims, including a defense of invalidity, was made with the intention to unfairly delay the proceedings.</p>				

Case type: Injunction of patent infringement, etc.

Result: Appeals from both sides dismissed

References: Article 29, paragraph (1), item (ii) and paragraph (2), Article 36, paragraph (6), items (i) and (ii), Article 70, Article 73, paragraph (2), Article 102, paragraph (2), and Article 104-3, paragraphs (1) and (2) of the Patent Act; Article 157, paragraph (1) of the Code of Civil Procedure

Number of related rights, etc.: Patent No. 4213194

Summary of the Judgment

1. The present case is one in which the Plaintiff of the first trial asserted that the act by the Defendants of the first trial, including manufacturing and selling the Defendant's Product, constitutes infringement of the Patent Right, thereby claiming against the Defendants of the first trial, pursuant to Article 100 of the Patent Act, for an injunction of the manufacture and sale, etc. of the Defendant's Product as well as for disposal of the Defendant's Product, in addition to claiming for payment of damages arising from an act of tort.
2. In the prior instance judgment (Osaka District Court 2014 (Wa) 7604; judgment rendered on December 25, 2017), it was determined that the Defendant's Product belongs to the technical scope of the Invention and that the Patent shall not be invalidated in a trial for invalidation, and the claims by the Plaintiff of the first trial were partially approved; namely, the claim for an injunction of the manufacture and sale, etc. of the Defendant's Product, the claim for disposal of the Defendant's Product, and the claim for compensation. In response, both the Plaintiff of the

first trial and the Defendants of the first trial appealed the decision, but upon filing an appeal, the Defendants of the first trial asserted, in a document submitted after the elapse of the deadline for submission of the brief on appeal, addition of claims, including a defense of invalidity, by listing at least six items as the grounds for invalidation.

3. The present judgment was rendered as follows by the court, determining that the Defendant's Product belongs to the technical scope of the Invention and rejecting the defense of invalidity which was asserted in the prior instance.

(1) Whether or not the application of Article 102, paragraph (2) of the Patent Act requires that the patent owner work the patented invention

Considering the purport of Article 102, paragraph (2) of the Patent Act, which is to ease the difficulty in proving the amount of damages, if there is a context in which the patent owner would have benefited had there been no infringement by an infringer of a patent right, the application of paragraph (2) of the same Article shall be approved, and the fact that the patent owner works the patented invention concerned shall not be deemed a requirement for the application of the same paragraph. The circumstances which, despite the existence of the above context, provide basis to the fact that the patent owner could not benefit shall be taken into consideration as the reasons for overturning the presumed amount of damages.

(2) Presumption of the amount of damages pursuant to Article 102, paragraph (2), in the case of patent infringement pertaining to co-ownership

Upon being subject to the presumption of the amount of damages pursuant to Article 102, paragraph (2) of the Patent Act, it is reasonable to understand that, in principle, the amount of lost profits suffered by a co-owner shall be presumed according to the extent of his or her working of the patented invention, and it is not rational to use, as the basis for presumption, the ownership ratio which is not in a correlation with the amount of lost profits suffered by each co-owner.

Nevertheless, in the case where not all of the co-owners of a patent right exercise the right to demand compensation against an infringer based on the presumption of the amount of damages pursuant to paragraph (2) of the same Article, it is rational to consider that the presumption of the amount of damages pursuant to paragraph (2) of the same Article shall be partially overturned within the limit of the amount equivalent to the license fee under paragraph (3) of the same Article according to the ownership ratio of the other co-owners

pertaining to the non-working of the patented invention.

While the present case involves the special circumstances in which the Plaintiff of the first trial has been assigned, by a non-party company, the right to claim compensation against the Defendants of the first trial, said right to claim compensation emerges from a different origin from the inherent right of Plaintiff of the first trial to claim compensation. As a result of the assignment, both rights currently belong to the Plaintiff of the first trial, and the Plaintiff of the first trial clearly states that it will not exercise the right to claim compensation, which has been assigned, but will instead exercise only its inherent right to claim compensation. When the foregoing is taken into consideration, it cannot be said that the same one person consequently having said rights constitutes a reason for leading to a different conclusion.

(3) Addition of claims, including a defense of invalidity, in the appeal case

Considering the progress of the present suit, it is obvious that in the appeal case, the addition of claims, including a defense of invalidity, by the Defendants of the first trial was made outside the appropriate time, and that at least negligence can be acknowledged on the part of Defendants of the first trial in this regard. Accordingly, said addition shall be dismissed as a case of offensive or defensive means after the appropriate time as prescribed in Article 157, paragraph (1) of the Code of Civil Procedure.

In addition to the above, the Defendants of the first trial assert, in the prior instance, the grounds for invalidation which amount to four units of legal provisions, whereas the grounds for invalidation which they attempt to add in the appeal case cover at least six items. It must be said that the intention for the addition of a defense of invalidity based on so many grounds for invalidation in an appeal case is no other than to unfairly delay the proceedings.

Accordingly, the addition of a defense of invalidity shall be dismissed, also on the basis of Article 104-3, paragraph (2) of the Patent Act.