

Patent Right	Date	February 27, 2024	Court	Intellectual Property High Court, Third Division
	Case number	2023 (Ne) 10010		
- A case wherein the Appellant sought the injunction of the manufacturing and sale and the disposal of the Appellee's product as well as compensation for damages caused by the alleged infringement of a patent right relating to an invention on functional water, and the court partially granted the Appellant's claim by modifying the judgment in prior instance that dismissed all of the Appellant's claims.				

Case type: Injunction, etc.

Result: Modification of the prior instance judgment, claim partially granted

References: Article 100, paragraphs (1) and (2) and Article 102, paragraph (3) of the Patent Act; and Article 709 of the Civil Code

Related rights, etc.: Patent No. 6708764

Judgment in prior instance: Osaka District Court, 2021 (Wa) 4920, rendered on December 22, 2022

Summary of the Judgment

1. In the prior instance, the Appellant, a holder of a patent right (the "Patent Right") relating to a patent (the "Patent") concerning an invention titled "Functional water," demanded, against the Appellee, injunction of the manufacturing and sale and disposal of the Appellee's product pursuant to Article 100, paragraphs (1) and (2) of the Patent Act, and compensation for damages due to tort (Article 709 of the Civil Code) in the amount of 3,319,000 yen, which is the total of: [i] 1,000,000 yen as amount equivalent to royalties under Article 102, paragraph (3) of the Patent Act, [ii] 319,000 yen as research expenses, and [iii] 2,000,000 yen as fees for attorneys at law and patent attorneys, together with delay damages accrued thereon, by alleging that the Appellee's acts of manufacturing and sale of the Appellee's product, which falls within the technical scope of an invention stated in Claim 3 of the Patent (defined as the Invention in the prior instance), constitute the infringement of the Patent Right.

The court of prior instance dismissed all of the Appellant's claims by finding that, although the Appellee's product satisfies all constituent features of the Invention in the prior instance, the Invention in the prior instance is an invention that was publicly worked in Japan before the priority date of the Patent and should be invalidated by a trial for invalidation. The Appellant appealed against this judgment.

The Appellant filed a request for a trial for correction of the statement of claims after the conclusion of the oral argument of the prior instance, and while the appeal instance was pending, a trial decision granting the correction (correction of the weight average molecular weight of polyallylamine; the "Correction") became final and binding. Based on the Correction, the Appellant amended the cause of claim to be based on the invention stated in Claim 3 after the correction (the "Invention"). The Appellee additionally argued the violation of the requirement for correction with respect to the abovementioned correction as a ground for invalidation.

The Appellant amended the breakdown of its damages due to tort as follows: [i] 1,000,000 yen as amount equivalent to royalties, calculated by multiplying the sales turnover of the Appellee's product in amount of 10,000,000 yen by a reasonable royalty rate of 10%, pursuant to Article 102, paragraph (3) of the Patent Act; [ii] 396,000 yen as research expenses (increased by 77,000 yen in the appellate instance); and [iii] 2,000,000 yen as fees for attorneys at law and patent attorneys, and revised its claim to demand the payment of 3,319,000 yen out of the total amount of 3,396,000 yen.

2. In this instance, the court held as follows, modified the judgment in prior instance and partially granted the Appellant's claim.

(1) As the Appellee's product is found to satisfy Constituent Feature B (the weight average molecular weight of polyallylamine after the Correction), the Appellee's product satisfies all constituent features of the Invention.

(2) The grounds for invalidation based on the lack of novelty with reference to a publicly worked invention (the cited invention), the violation of requirements for correction with respect to the Correction, the lack of novelty and an inventive step with respect to the Correction, or a misappropriated application, cannot be found.

(3) A non-exclusive license based on a prior use right, the exhaustion of the patent right, or the existence of implicit licensing, as argued by the Appellee, cannot be found.

(4) As it is reasonable to determine the sales turnover of the Appellee's product to be 1,110,000 yen, and the reasonable royalty rate to be 5%, it is reasonable to find that the damage of the Appellant under Article 102, paragraph (3) of the Patent Act is 55,000 yen, which is obtained by multiplying 1,110,000 yen by 5% (truncating the fraction less than 1,000 yen).

The damage of research expenses claimed by the Appellant is found to be a part of the Appellant's damage in causal relationship with the tort of infringement of the Patent Right by the Appellee.

In light of the circumstance of this case, it is reasonable to grant 45,000 yen as fees for attorneys at law and patent attorneys.

Given the above, the Appellee should pay the Appellant 496,000 yen and delay damages accrued thereon.

(5) In light of the circumstance of this case, it is appropriate to prohibit the Appellee from manufacturing and selling the Appellee's product and to order the disposition of the Appellee's product.

(6) Based on the above, the court ordered the Appellee to discontinue the manufacturing and sale of and to dispose of the Appellee's product and to compensate the Appellant for the damages.