<table>
<tr><td rowspan="2">Patent Right</td><td>Date</td><td>July 4, 2024</td><td rowspan="2">Court</td><td rowspan="2">Intellectual Property High Court, First Division</td></tr>
<tr><td>Case number</td><td>2023 (Ne) 10053</td></tr>
<tr><td colspan="5">- A case in which a claim for compensation for damage was filed based on a patent right concerning a patent for an invention titled "Financial product transaction management apparatus, financial product transaction management system, and financial product transaction management method in financial product transaction management system," and the court affirmed the applicability of Article 102, paragraph (2) of the Patent Act, by holding that it can be said that there are circumstances where the holding company, which holds the patent right, could have obtained a profit if there had not been the act of patent right infringement by an infringer in the case where its wholly owned subsidiary carries out the business using the patent right.</td></tr>
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Case type: Compensation
Result: Partial modification of the prior instance judgment
References: Article 102, paragraph (2) of the Patent Act
Related rights, etc.: Patent No. 6154978
Judgment in prior instance: Tokyo District Court, 2020 (Wa) 17104

Summary of the Judgment

1. This is a case in which the first-instance plaintiff (X), a holder of a patent right (the "Patent Right") concerning a patent (Patent No. 6154978; the "Patent") for an invention titled "Financial product transaction management apparatus, financial product transaction management system, and financial product transaction management method in financial product transaction management system," filed an action against the first-instance defendant (Y), seeking the payment of 1.19 billion yen (as compensation for damage under Article 102, paragraph (1), (2), or (3) of the Patent Act and fees for attorneys at law and patent attorneys) with delay damages due to tort, based on the allegation that Y provided customers with the service relating to the foreign exchange transaction management method called "i cycle order" (the "Defendant's Service") from the Defendant's Server via the internet connection, etc., and that the Defendant's Server falls within the technical scope of the invention based on Claim 1 of the Patent (the "Invention") and the use of the Defendant's Server constitutes the working of the Invention.

In the judgment in prior instance, the court approved X's claim against Y for damage due to tort, and upheld the claim to the extent to seek 20,149,093 yen with delay damages, by calculating the amount of compensation for damage under Article 102, paragraph (3) of the Patent Act while denying the calculation under paragraphs (1) and (2) of the same Article. Against the judgment in prior instance, both X and Y filed an appeal.

2. In this judgment, the court found the infringement of the Patent Right by Y, and determined that Article 102, paragraph (2) of the Patent Act is applicable to this case, by explaining the applicability of this paragraph as summarized below.

(1) Article 102, paragraph (2) of the Patent Act provides that: "If a patentee…files a claim for compensation for damage that the patentee…personally incurs due to infringement against a person that intentionally or due to negligence, infringes the patent right…, and the infringer has profited from the infringement, the amount of that profit is presumed to be the value of damage incurred by the patentee…". In the principle of the Civil Code, it is a patentee who must establish the occurrence and an amount of damage as well as the causal connection between these facts and the act of patent right infringement in order to seek compensation for damage incurred by the patentee due to patent right infringement. It would be difficult to prove these matters, which as a result causes inconvenience such as insufficient compensation for damage. In light of such circumstances, Article 102, paragraph (2) of the Patent Act is intended to alleviate the difficulty to prove, by providing that when an infringer makes profit by an act of infringement, the amount of that profit is presumed to be an amount of damage on the patentee. Further, should there be any circumstances where the patentee could have obtained a profit if there had not been the act of patent right infringement by an infringer, Article 102, paragraph (2) of the Patent Act should be construed to be applicable (2012 (Ne) 10015, judgment of the Special Division of the IP High Court of February 1, 2013, and 2018 (Ne) 10063, judgment of the Special Division of the IP High Court of June 7, 2019).

(2) In this case, Z, which is X's wholly owned subsidiary, provides foreign exchange service and provides the Plaintiff's Service called "TORARIPI." According to evidence, TORARIPI is the order management function for foreign exchange transactions consisting of the function to repeat orders (REPEAT) and the mechanism for placing orders in bulk (TRAP) with regard to if-done orders (IF-DONE; an order made of a new order and a settlement order placed at the same time). TRARIPI has a special function called "Settlement Trail" (function to maximize profit by having a settlement price follow the price trends). The Plaintiff's Service can be deemed to be in competition with

the Defendant's Service. The company that provides the Plaintiff's Service is X's wholly owned subsidiary, and this company (the "Plaintiff's Subsidiary") is a corporation that is different from X, the patentee. However, X is a pure holding company (X Group) in that X holds 100% of the shares in the Plaintiff's Subsidiary. X's purpose and principal business are to control and manage its subsidiary, and X's source of profit depends on its subsidiary's business activities. Accordingly, the Plaintiff's Subsidiary provides the Plaintiff's Service as a member of the X Group on the premise of a number of patent rights held by the holding company. Although the Patent is not covered by the Plaintiff's Licensing Agreement, this is only due to the necessity to avoid inconvenience involved in filing international applications, and it does not mean that X has not licensed the Plaintiff's Subsidiary to work the Invention. In view of these points, the Plaintiff's Subsidiary can be deemed to be working the Invention, and the X Group as a whole can be considered to have carried out the business using the Patent Right under the management and instruction of X, the holding company, during the period from July 2017 to March 2019, when the infringement of the Patent Right is alleged to have occurred.

Consequently, it can be said that there are circumstances where the X Group could have obtained a profit if there had not been the provision of the Defendant's Service, which constitutes the act of infringement of the Patent Right.

X's source of profit depends on its subsidiary's business activities. In the X Group, X is in the position to be able to exercise rights independently in relation to the management and exercise of the Patent Right for the benefit of the X Group, and X can be deemed to be exercising rights in relation to the Patent Right in such position in order to pursue a profit of the X Group. In the X Group, there is no entity other than X that is to exercise rights in relation to the Patent Right. In consideration of these facts, it can be said that in this case, there are circumstances where the patentee could have obtained a profit if there had not been the act of patent right infringement by an infringer, and therefore, Article 102, paragraph (2) of the Patent Right is applicable in this case.

Judgment rendered on July 4, 2024
2023 (Ne) 10053, Case of appeal for seeking compensation for damage
(Court of prior instance: Tokyo District Court, 2020 (Wa) 17104)
Date of conclusion of oral argument: February 27, 2024

Judgment

Appellant / Appellee: MONEY SQUARE HOLDINGS, INC. (hereinafter referred to as the "First-instance Plaintiff")

Appellee / Appellant: GaitameOnline co., Ltd. (hereinafter referred to as the "First-instance Defendant")

Main text

1. The judgment in prior instance shall be modified as follows.
(1) The First-instance Defendant shall pay to the First-instance Plaintiff 43,565,491 yen and the amount accrued thereon at the rate of 5% per annum for the period from March 4, 2019, until the completion of the payment.
(2) The remaining claims of the First-instance Plaintiff shall be dismissed.
(3) The appeal by the First-instance Defendant shall be dismissed.
2. Court costs in the first and second instances shall be divided into 50 portions, of which, 48 shall be borne by the First-instance Plaintiff and the rest shall be borne by the First-instance Defendant.
3. This judgment may be enforced provisionally for Paragraph 1. (1).

Facts and reasons

No. 1 Object of the appeal
1. The First-instance Plaintiff
(1) Paragraph 1. and Paragraph 2. in the main text of the judgment in prior instance shall be altered as shown below.
(2) The First-instance Defendant shall pay to the First-instance Plaintiff 420,149,093 yen and the amount accrued thereon at the rate of 5% per annum for the period from March 4, 2019, until the completion of the payment.
2. The First-instance Defendant
(1) The part of the judgment in prior instance which is against the First-instance Defendant shall be rescinded.
(2) Concerning the part defined above, the claim of the First-instance Plaintiff shall be dismissed.

No. 2 Outline of the case

1. Summary of the case

In this case, the First-instance Plaintiff, who is the patentee of an invention titled "Financial product transaction management apparatus, financial product transaction management system, and financial product transaction management method in the financial product transaction management system" (Patent No. 6154978; hereinafter referred to as the "Patent"), alleged against the First-instance Defendant, concerning the fact that the First-instance Defendant provided customers with a service related to the foreign exchange transaction management method named "i-cycle order" (hereinafter referred to as the "Defendant's Service") from the server listed in the Attachment to the judgment in prior instance, "List of the Defendant's Server," (hereinafter referred to as the "Defendant's Server") through the internet connection, that the Defendant's Server belongs to the technical scope of the invention related to Claim 1 in the claims of the Patent (hereinafter referred to as the "Invention") and that use of the Defendant's Server falls under work of the Invention. Based on these allegations, the First-instance Plaintiff demanded that the First-instance Defendant pay 1.19 billion yen (the amount of damage pursuant to Article 102, paragraph (1), paragraph (2), or paragraph (3) of the Patent Act, and the attorney's fees and patent attorney's fees; in relation to the amount of damage pursuant to paragraph (1) or paragraph (3) of said Article, a partial claim) based on a tort and delay damages accrued thereon for the period from March 4, 2019, which is the date after the tort, until the completion of payment, at the rate of 5% per annum as prescribed in the Civil Code before the amendment by Act No. 44 of 2017 (hereinafter referred to as the "Civil Code before the Amendment").

In the judgment in prior instance, the court found the First-instance Plaintiff's right to demand compensation for damage based on a tort against the First-instance Defendant, denied the calculation based on Article 102, paragraph (1) and paragraph (2) of the Patent Act concerning the damage, made a calculation based on paragraph (3) of said Article, and granted the claim of the First-instance Plaintiff to seek payment to the extent of 20,149,093 yen and the amount of delay damages accrued thereon at the rate of 5% per annum for the period from March 4, 2019, until the completion of payment. In response to this judgment, the First-instance Plaintiff filed an objection and an appeal only against the part related to 400 million yen (total amount with the aforementioned amount of principal granted in the first instance, 20,149,093 yen, becomes 420,149,093 yen) from among the part of the judgment against the First-instance Plaintiff, which were dismissed, and the part of the delay damages accrued

thereon, and the First-instance Defendant filed an objection and appeal for the part of the judgment against the First-instance Defendant.

2. Basic facts (facts that are not disputed between the parties and facts that are found based on the evidence (hereinafter documentary evidence number includes branch numbers unless otherwise noted) and the entire import of oral arguments)

The basic facts in the judgment in prior instance are corrected as stated below and the remaining basic facts are as stated in the judgment in prior instance, "Facts and reasons" section, No. 2, 1., and therefore they are cited.

(1) The judgment in prior instance, page 3, lines 16 and 17 (the judgment in prior instance, "Facts and reasons" section, No.2, 1. (1) A. (B)) is corrected to "(B) MONEY SQUARE, INC. (hereinafter referred to as the "Plaintiff's Subsidiary") is a stock company engaging in foreign exchange margin transactions (FX transactions) and is a 100% owned subsidiary of the First-instance Plaintiff. The Plaintiff's Subsidiary has been registered as a financial instruments business operator and has engaged in FX transaction business."

(2) The following is added as a new line after the end of the judgment in prior instance, page 8, line 19 (the judgment in prior instance, "Facts and reasons" section, No.2, 1. (6) B. (F), line 3).

"C. Cover deals

In over-the-counter FX transactions (OTC), clients directly transact with FX transaction operators and clients' profits from the OTC result in losses for the FX transaction operators unless any measures are taken. Therefore, FX transaction operators place similar orders with banks and other financial institutions based on clients' orders to hedge their risk. This is called a cover deal. Not all FX transaction operators conduct cover deals in the same manner. The frequency and amount of cover deals differ by FX transaction operators.

(7) The Defendant's Server and the Invention

The Defendant's Server belongs to the technical scope of the Invention."

3. Issues

(1) Whether there are grounds for invalidation of the Patent (Issue 1)

A. Lack of an inventive step where Exhibit Otsu 5 Invention is used as primary prior art and Exhibit Otsu 6 Invention is used as secondary prior art (Grounds for Invalidation 1)

B. Lack of an inventive step where Exhibit Otsu 5 Invention is used as primary prior art and Exhibit Otsu 7 Invention or Exhibit Otsu 8 Invention is used as secondary prior art (Grounds for Invalidation 2)

(2) Amount of damage (Issue 2)
A. Amount of damage based on Article 102, paragraph (1) of the Patent Act (Issue 2-1)
(A) The appropriateness of the application by analogy of Article 102, paragraph (1) of the Patent Act (Issue 2-1-1)
(B) Amount of damage based on Article 102, paragraph (1) of the Patent Act (Issue 2-1-2)
B. Amount of damage based on Article 102, paragraph (2) of the Patent Act (Issue 2-2)
(A) The appropriateness of the application of Article 102, paragraph (2) of the Patent Act (Issue 2-2-1)
(B) Amount of damage based on Article 102, paragraph (2) of the Patent Act (Issue 2-2-2)
C. Amount of damage based on Article 102, paragraph (3) of the Patent Act (Issue 2-3)
(3) Whether the extinctive prescription is established or not (Issue 3)

No. 4 Judgment of this court
1. Details of the Invention
The basic facts in the judgment in prior instance are corrected as stated below and the remaining basic facts are as stated in the judgment in prior instance, "Facts and reasons" section, No. 4, 1., and therefore they are cited.
(1) After the judgment in prior instance, page 97, line 11 (at the end of the line of the statement related to paragraph [0078] in the judgment in prior instance, "Facts and reasons" section, No.4, 1. (1) G. (A)), the following is added as a new line: "'After Step S1 process shown in FIG. 3, an input screen is displayed on display unit 22 of client terminal 2. FIG. 13 is a conceptual diagram showing an example of input screen 40 displayed on display unit 22 at this time. On input screen 40 in said figure, an input screen to place a trap repeat if-done order (meaning a form of orders concerning one financial product where multiple new orders as 'Order 1' and multiple settlement orders as 'Order 2' are placed in a manner where new orders and settlement orders are respectively in an equivalent range of price; where a new order has a position and when a settlement order is executed for the new order with a position, the second new order at the same price as the first new order and the second settlement order at the same price as the first settlement order are generated again and this is repeated; the same applies hereinafter in the Descriptions).' (paragraph [0081])."
(2) After the end of the judgment in prior instance, page 101, line 6 (the last line of the judgment in prior instance, "Facts and reasons" section, No.4, 1. (1) G. (B)), the following is added as a new line.

"'When confirmation button 413 is clicked in the state shown in FIG. 23, order information generation unit 16 generates order information group 1810B shown in FIG. 24 (Note by the court: the statement of "1810C" in FIG. 24 is considered to be an error for "1810B").' (paragraph [0122])

'FIG. 24 is a diagram schematically showing an order information group generated by order information generation unit 16 and recorded in order table 181. Images of the table in the form shown in said figure are also shown on display unit 22 of client terminal 2 through front page distribution unit 11.' (paragraph [0123])

'Order information group 1810B is generated in the state having new order information and settlement order information for the number of traps input in trap number input field 405 (which is five traps in this case). In other words, order information group 1810B has five pieces of new order information 18111, 18112, 18113, 18114, and 18115, five pieces of settlement order information 18116, 18117, 18118, 18119, and 18120, and one stop-loss order information 18121.' (paragraph [0124])

'The configuration of each new order information 18111, 18112, 18113, 18114, and 18115 is the same as new order information 18101 in Embodiment 1. The configuration of each settlement order information 18116, 18117, 18118, 18119, and 18120 is the same as settlement order information 18102 in Embodiment 1. The configuration of stop-loss order information 18121 is the same as stop-loss order information 18103 in Embodiment 1.' (paragraph [0125])

'As shown in FIG. 24, order information generation unit 16 determines (USD1.00=) JPY100.00 that is input in start price input field 403 as the standard price for new orders based on the input information on input screen 40 shown in FIG. 23 and sets the price on order price information 181G for new order information 18111. Then, order information generation unit 16 generates new order information 18112, 18113, 18114, and 18115 so that (USD1.00=) JPY0.20 that is the value input in trap price range input field 406 is used as the price range of new order information 18112, 18113, 18114, and 18115. In other words, as shown in FIG. 24, order price information 181G for new order information 18111, 8112, 18113, 18114, and 18115 is set to be (USD1.00=) JPY100.00, JPY99.80, JPY99.60, JPY99. 40, and JPY99.20, respectively.' (paragraph [0126])

'In addition, order information generation unit 16 sets order amounts for settlement order information 18116, 18117, 18118, 18119, and 18120 respectively so that the profit amount when corresponding new orders and settlement orders (e.g., new order information 18111 and settlement order information 18116) are executed is the amount that has been input in profit amount input field 407 (100,000 yen). In other words, order information generation unit 16 sets the order amounts for settlement order information

18116, 18117, 18118, 18119, and 18120 respectively so that (USD1.00=) JPY1.00, which is the value obtained by dividing the value input in profit amount input field 407 (100,000 yen) by the value input in order amount input field 402 (100,000 yen), becomes the difference in price between the corresponding new order and settlement order. In other words, as shown in FIG. 24, order price information 181G for settlement order information 18116, 18117, 18118, 18119, and 18120 is set to be (USD1.00=) JPY101.00, JPY100.80, JPY100.60, JPY100. 40, and JPY100.20, respectively. Configurations other than the above are the same as Embodiment 1.' (paragraph [0127])"

(3) After the end of the judgment in prior instance, page 104, line 21 (the judgment in prior instance, "Facts and reasons" section, No.4, 1. (2), the last line), the following is added as a new line.

"(3) Relationship between the constituent features of the Invention and statements of the Description, etc.

A. The constituent features of the Invention are as stated in the cited judgment in prior instance, 'Facts and reasons' section, No. 2, 1. (2) C. From among these constituent features, configurations B through D, F, and G are found to be configurations specifying the 'trap if done' function and configurations E and H are found to be configurations specifying the 'shift' and 'repeat' functions.

B. The definition of the 'trap repeat if-done' order is stated in [0081] and [0119] in the Description, etc. Configuration F, 'price is different in the same price range,' which is one of the features of the trap if-done, is stated in [0081] and [0127] in the Description, etc.

In addition, the specific movements of Configurations B through D and G, 'order information generation means,' are stated in [0122] through [0127] in the Description, etc. In particular, Configuration B 'generation of multiple pieces of buying order information,' is stated in [0126] in the Description, etc., Configuration C, 'generation of multiple selling orders,' and Configuration G, 'generation by one order procedure,' are stated in [0127] in the Description, etc., respectively. In addition, a direct explanation of the specific movement of Configuration E, 'contract detection means,' cannot be seen in the Description, etc., but it is obvious that the execution is detected by some means in the Invention in light of the following statements: 'If a settlement order is executed, a settlement order at the same price as said new order and a new settlement order at the same price as said settlement order are generated again' ([0081]) and 'based on USD1.00 = JPY102.40, which is the price where settlement orders S1, S2, and S3 are executed, ... transaction prices are shifted respectively' ([0144]).

Furthermore, the 'shift' function is stated in [0143] through [0147] in the Description, etc. Configuration H, 'detects that a selling order at the highest selling order price is executed from among the aforementioned multiple selling orders,' can be read because 'the price where S1, S2, and S3 are executed' in the statement in [0144] in the Description, etc., 'based on USD1.00 = JPY102.40, which is the price where settlement orders S1, S2, and S3 are executed,' corresponds to 'a selling order at the highest selling order price is executed from among multiple selling orders.'"

2. Issue 1 (Whether there are grounds for invalidation of the Patent)

(1) Exhibit Otsu 5 Invention

The judgment in prior instance is corrected as stated below and the remaining parts are as stated in the judgment in prior instance, page 104, line 23 through page 111, line 13 (the judgment in prior instance, "Facts and reasons" section, No. 4, 2. (1) and (2)), and therefore they are cited.

A. After the end of the judgment in prior instance, page 107, line 5 (the last line of the statement related to the judgment in prior instance, "Facts and reasons" section, No.4, 2. (1), paragraph [0086]), the following is added as a new line.

"'After an order is placed by ordering apparatus 2 and central management apparatus 1 completes acceptance of the order placed, price information receiving unit 19 of central management apparatus 1 continues to receive exchange rate information periodically (e.g., with the pre-determined frequency, such as every minute or every hour). When the market price and the order price of a specific order information match, execution information generation unit 14 executes an order based on the order information.' (paragraph [0090])"

B. After the end of the judgment in prior instance, page 108, line 3 (the last line of the statement related to the judgment in prior instance, "Facts and reasons" section, No.4, 2. (1), paragraph [0098]), the following is added as a new line.

"'Subsequently, USD market buying price 71 drops to the price of Order 3 C5 ('Yes' in Step S24), execution procedures for Order 3 C5 are implemented (see Step S32 through Step S34 in FIG. 12B). As mentioned above, in this embodiment, the price of Order 3 C5 is JPY102.00 per USD1.00. On the other hand, if the USD market selling price increases up to the price of Order 2 51B5 without dropping to the price of Order 3 C5 ('Yes' in Step S25 and see time t22 in FIG. 13), execution information generation unit 14 executes the limit order corresponding to Order 2 51B5 (see Step S26 in Fig. 12A). In this embodiment, the execution price is JPY108.00 per USD1.00. In this execution procedure, status information 181o2, which corresponds to Order 2 51B5, is changed from 'None' to 'Yes' (see FIG. 9 (c)) and Order 3 C5 is canceled (Step S26). In

addition, after the pre-determined margin amount is confirmed (see 'Yes' in Step S28 and Step S29 in FIG. 12A), execution information generation unit 14 selects the fifth order information group 50A5 (not shown in the figures) from among the order information groups corresponding to the second round of the Order Table 181 (see Step S30 in FIG. 12A). Then, execution information generation unit 14 changes effective / ineffective information 181o1 of Order 1 51A5 in selected order information group 50A5 from 'Ineffective' to 'Effective' (see Step S31 in FIG. 12A). Then, central management apparatus 1 returns to Step S21 also for selected order information group 50A5 and repeats the procedures.' (paragraph [0099])

'Procedures in cases where market buying price 71 becomes equivalent to the price of Order 1 51A1 through 51A3 are also the same as the aforementioned case of order information group 50A5.' (paragraph [0101])"

(2) Comparison

A. Common features and differences between the Invention and Exhibit Otsu 5 Invention are stated below.

(A) Common features

A financial product transaction management apparatus for transacting financial products continuously based on fluctuations in the market price, which is characterized by comprising:

an order information generation means having

a buying order information generation means that generates multiple pieces of buying order information to place buying orders for the aforementioned financial products and

a selling order information generation means that generates multiple pieces of selling order information to place selling orders to settle a position held as a result of the execution of the aforementioned buying orders through an execution,

and

an execution detection means to detect the execution of the aforementioned buying orders and the aforementioned selling orders;

wherein information on the selling order price included in the aforementioned multiple pieces of selling order information is information with different prices in the same price range respectively; and

wherein the aforementioned order information generation means generates the aforementioned multiple pieces of selling order information by one order procedure.

(B) Differences

[i] A selling order price included in new selling order information that is generated by

the order information generation means (order information generation unit) when a selling order is executed is higher, by the pre-determined price, than the selling order price related to the execution in the Invention, while it is the same price as the selling order price related to the execution in Exhibit Otsu 5 Invention (hereinafter referred to as "Difference 1").
[ii] A selling order related to the execution subject to the detection as a trigger for the order information generation means (order information generation unit) to generate new selling order information is specified as "a selling order at the highest selling order price from among the aforementioned multiple selling orders" in the Invention, while it is "a selling order at any selling order price from among multiple selling orders" in Exhibit Otsu 5 Invention (hereinafter referred to as "Difference 2").
B. The First-instance Defendant alleged that the patent claims (Claim 1) related to the Invention only state that "when detecting that a selling order at the highest selling order price is executed"; however, it does not specify (limit) the subject of the detection to "a selling order at the highest selling order price"; therefore, even if Exhibit Otsu 5 Invention includes other selling orders in the subject of the detection in addition to "a selling order at the highest selling order price," this is not a difference in comparison with the Invention.

However, as stated in the cited judgment in prior instance, "Facts and reasons" section, No. 4, 1. (2), the Invention generates selling order information including information on the selling order price that is higher, by the pre-determined price, than the highest selling order price from among multiple selling orders, when a selling order at the highest selling order price is executed. On the other hand, the particulars for identifying the invention of Exhibit Otsu 5 Invention, "a selling order at any selling order price from among the aforementioned multiple selling orders," are matters including a wider range of selling orders than the particulars for identifying the invention of the Invention, "a selling order at the highest selling order price from among the aforementioned multiple selling orders," and therefore, both are different in terms of particulars for identifying the invention.

Consequently, the aforementioned allegation of the First-instance Defendant cannot be accepted.

(3) Determination on Grounds for Invalidation 1

The judgment in prior instance is corrected as stated below and the remaining parts are as stated in the judgment in prior instance, page 113, line 7 through page 126, line 5 (the judgment in prior instance, "Facts and reasons" section, No. 4, 2. (4) A.), and therefore they are cited.

A. The phrase "Note by the Defendant" in the judgment in prior instance, page 120, line 24 (the fourth line of the statement related to the judgment in prior instance, "Facts and reasons" section, No.4, 2. (4) A. (A), paragraph [0077]) is corrected to "Note by the court."

B. The part in the judgment in prior instance, page 123, line 22 through page 126, line 5 (the judgment in prior instance, "Facts and reasons" section, No. 4, 2. (4) A. (B)) is corrected as stated below.

"(B) Exhibit Otsu 6 Invention

According to the statement in (A) above, the problem of Exhibit Otsu 6 Invention is to provide a financial product transaction management apparatus with which clients using the system can place multiple if-done orders without undergoing complicated order procedures when placing limit orders on financial products, in order to increase the convenience of clients using the system (Exhibit Otsu 6 [0005]).

According to the statements in Exhibit Otsu 6 [0016], [0075] through [0077], [0094], and FIG. 10, Exhibit Otsu 6 states the following invention: 'In the configuration to implement transactions by automatically repeating if-done orders multiple times, in cases where the market price increases more than the trail width from the market price at the time when Order 1 information (limit order for buying) and Order 2 information (limit order for selling) are generated and where the repeat frequency information of information on Order 1 and Order 2 that have yet to be executed is more than the minimum repeat frequency, that is, in cases where the number of detected executions of selling orders is more than the minimum repeat frequency, new order information is generated with the total amount of the order price information of original Order 1 information and Order 2 information and the trail width information.' Based on this configuration of the invention, the aforementioned problem is to be resolved.

In addition, based on Exhibit Otsu 6 Invention, in the configuration to implement transactions by automatically repeating if-done orders multiple times, it is possible to form a system where the price range comprised of Order 1 information and Order 2 information to achieve the if-done order can be configured in a variable manner based on the actual situation of market rates and which has greater convenience for clients placing limit orders (Exhibit Otsu 6 [0016]).

(C) Whether the configuration related to the differences could have been easily conceived of by a person originally skilled in the art

In Exhibit Otsu 6, selling order information including information on order prices being higher only by the trail width information is generated when the 'market price increases more than the trail width' and 'the number of detected executions of selling

orders is more than the minimum repeat frequency.' Therefore, in Exhibit Otsu 6, 'detection of execution of selling orders' alone is not a trigger for generation of "selling order information." In addition, Exhibit Otsu 6 has no statement or suggestion that the aforementioned selling order information is generated not based on the fact that the 'market price increases more than the trail width.' Moreover, Exhibit Otsu 6 has no statement regarding 'the highest selling order price from among multiple selling orders.'

Based on the above, Exhibit Otsu 6 has no statement that selling order information is generated in response to information on 'having detected that a selling order at the highest selling order price was executed from among multiple selling orders,' in other words, configuration related to Difference 2.

Consequently, even if Exhibit Otsu 6 Invention can be combined with Exhibit Otsu 5 Invention, the configuration of the Invention cannot be achieved.

(D) Argument of the First-instance Defendant

a. The First-instance Defendant alleged as follows: concerning Constituent Feature H of the Invention, even if there are any other processes between the execution of a settlement order and the generation of new order information, if new order information is generated 'after' execution of a settlement order in terms of time, it should be construed to fulfill Constituent Feature H, 'in response to information on the aforementioned detection by the aforementioned execution detection means'; in the embodiment stated in Exhibit Otsu 6, only when 'Order 2' is executed and the repeat frequency achieves the minimum repeat frequency, the process of 'generating selling order information' is conducted and new order information is generated 'after' execution of a settlement order in terms of time; and therefore, Exhibit Otsu 6 discloses Constituent Feature H of the Invention.

However, what is identified in Constituent Feature H of the Invention is a configuration where new selling order information is generated 'in response to' the information that 'a selling order at the highest selling order price is executed.' On the other hand, the configuration stated in Exhibit Otsu 6 is a configuration to generate new order information 'in response to' both the information that the 'market price increased more than the trail width' and the information that the 'repeat frequency is more than the minimum repeat frequency.' Based on the above, they are different in the requirements to serve as a trigger for generating new order information, and therefore, it is obvious that their configurations are different. In addition, said difference in configurations is not affected by whether the term 'in response to' can be interpreted as 'after.'

b. The First-instance Defendant alleged based on the transaction example stated in FIG.

10 in Exhibit Otsu 6 that Exhibit Otsu 6 Invention is equipped with a configuration that in cases where the trail width information is set at JPY0.28 or less, when Order 2 (a settlement order; e.g., a selling order) is executed, new order information, where the amount adding trail width information to the order price of the existing order information group is set as order price information, is generated in response to the execution (Constituent Feature H of the Invention).

The settings that the First-instance Defendant alleged above are to set the trail width to be the price difference or less between the market price and the Order 2 price when the first if-done order is generated. Eventually, said settings are to fix the threshold of market price fluctuations (conditions for executing the order price shift) at the Order 2 price. The aforementioned allegation of the First-instance Defendant means that the 'trail width requirements' and the 'execution detection frequency requirements' are fulfilled at the same time under the aforementioned trail width settings, and therefore that Exhibit Otsu 6 contains a statement of Constituent Feature H of the Invention.

However, the 'trail width requirements' are set to follow the fluctuations in the market price. If the threshold is fixed at the Order 2 price, it becomes impossible to determine whether the market price tends to increase by exceeding the price range of Order 1 and Order 2 of if-done orders. Therefore, such settings are against the meaning of the trail width, that is, to follow the fluctuations in the market price, and are unreasonable and are not assumed by Exhibit Otsu 6 Invention.

Consequently, it cannot be said that Exhibit Otsu 6 contains a statement of Constituent Feature H of the Invention.

c. The First-instance Defendant alleged as follows: Exhibit Otsu 6 [0101] contains a statement that 'Embodiment 2' may have a configuration where Step S33 process is conducted almost at the same time as fluctuations in the market price; therefore, as an invention related to 'Embodiment 2,' it contains a statement concerning an invention comprised of a configuration where, when Order 2 is executed, new order information, where the amount adding trail width information to the order price of the existing order information group is set as order price information, is generated in response to the execution.

However, the statement in Exhibit Otsu 6 concerning 'Embodiment 2' is '(Embodiment 2) Step S33 and Step S35 processes are conducted almost at the same time as fluctuations in the market price.' in [0101] alone and the specific configuration of 'Embodiment 2' is unclear. In particular, how 'trail width information' (Step S31) and 'minimum repeat frequency' (Step S32) in the embodiment ([0074] through [0080], and Figure 5), which are the basis of Embodiment 2, are changed in Embodiment 2 and, if

they are changed, what is a trigger for shift alternative thereto are not clear. Therefore, it cannot be found that the 'invention related to Embodiment 2' alleged by the First-instance Defendant is stated in Exhibit Otsu 6.

d. The First-instance Defendant alleged as follows: Exhibit Otsu 6 [0101] contains a statement that 'Embodiment 2' may have a configuration where Step S33 process is conducted almost at the same time as fluctuations in the market price; therefore, as an invention related to 'Embodiment 2,' it contains a statement concerning an invention comprised of a configuration where, when Order 2 is executed, new order information, where the amount adding the trail width information to the order price of the existing order information group is set as order price information, is generated in response to the execution.

However, the statement in Exhibit Otsu 6 concerning 'Embodiment 2' is '(Embodiment 2) Step S33 and Step S35 processes are conducted almost at the same time as fluctuations in the market price.' in [0101] alone and the specific configuration of 'Embodiment 2' is unclear. In particular, how 'trail width information' (Step S31) and 'minimum repeat frequency' (Step S32) in the embodiment ([0074] through [0080] , and Figure 5), which are the basis of Embodiment 2, are changed in Embodiment 2 and, if they are changed, what is a trigger for shift alternative thereto are not clear. Therefore, it cannot be found that the 'invention related to Embodiment 2' alleged by the First-instance Defendant is stated in Exhibit Otsu 6.

(E) Therefore, Grounds for Invalidation 1 related to the allegation of the First-instance Defendant are groundless."

(4) Determination on Grounds for Invalidation 2

The judgment in prior instance is corrected as stated below and the remaining parts are as stated in the judgment in prior instance, page 126, line 6 through page 134, line 10 (the judgment in prior instance, "Facts and reasons" section, No. 4, 2. (4) B.), and therefore they are cited.

The part in the judgment in prior instance, from the beginning of page 133, line 1 through page 134, line 10 (the judgment in prior instance, "Facts and reasons" section, No. 4, 2. (4) B. b. through d.) is corrected as stated below.

"b. Exhibit Otsu 7 Invention and Exhibit Otsu 8 Invention are inventions related to an order method to repeat a pair of if-done orders and both inventions are to detect the execution of selling orders. They generate selling order information including information on the selling order price that is higher, by the pre-determined price, than the prior selling order price sequentially in response to the execution of the prior selling order. Therefore, they are not found to have a configuration to detect an execution of 'a

selling order at the highest selling order price.'

In addition, it is stated in Exhibit Otsu 5 [0155] that the 'order information price 181h of order information 51A through 51F' is changed (increased or decreased) in Exhibit Otsu 5 Invention; however, said change is triggered by 'market price increase or drop more than the trail width information,' not by the execution of 'a selling order at the highest selling order price.'

Based on the above, the configuration to detect that 'a selling order at the highest selling order price' is executed, in other words, the configuration related to Difference 2 is not indicated in any of the statements in Exhibit Otsu 5, Exhibit Otsu 7 Invention, and Exhibit Otsu 8 Invention. Therefore, even if Exhibit Otsu 5 Invention can be combined with Exhibit Otsu 7 Invention or Exhibit Otsu 8 Invention, the configuration of the Invention cannot be achieved.

Consequently, Grounds for Invalidation 2 related to the allegation of the First-instance Defendant are groundless."

(5) Summary

Based on the above, it is not found that a person ordinarily skilled in the art could have easily conceived of the Invention by combining Exhibit Otsu 6 Invention with Exhibit Otsu 5 Invention or by combining Exhibit Otsu 7 Invention or Exhibit Otsu 8 Invention with Exhibit Otsu 5 Invention.

Consequently, both Grounds for Invalidation 1 and Grounds for Invalidation 2 are groundless.

(6) The allegation of the First-instance Plaintiff that the patent invalidity defense should be rejected

It is as stated in the judgment in prior instance, page 134, line 11 through page 135, line 1 (the judgment in prior instance, "Facts and reasons" section, No. 4, 2. (5)), and therefore they are cited.

3. Issue 3 (Whether the extinctive prescription is established or not)

The judgment in prior instance is corrected as stated below and the remaining parts are as stated in the judgment in prior instance, page 138, line 23 through page 140, line 19 (the judgment in prior instance, "Facts and reasons" section, No. 4, 5.), and therefore they are cited.

(1) The date, "July 19, 2015," in the judgment in prior instance, page 139, line 13 and page 140, line 1 (the judgment in prior instance, "Facts and reasons" section, No. 4, 5. (2), first paragraph, line 6 and second paragraph, line 2) is corrected to "July 19, 2017" respectively.

(2) After the phrase "cannot be seen" in the judgment in prior instance, page 140, line

3 (the judgment in prior instance, "Facts and reasons" section, No. 4, 5. (2), second paragraph, line 3), the phrase ", and it can be presumed that the Defendant's Service was fully examined for a certain preparation period until the filing of the prior lawsuit" is added.

(3) The phrase "until July 8, 2017 at the latest" in the judgment in prior instance, page 140, line 6 to line 7 (the judgment in prior instance, "Facts and reasons" section, No. 4, 5. (2), third paragraph, line 1 and line 2) is corrected to "until July 8, 2017, which is a day prior to July 9, 2017, which is three years prior to July 9, 2020, when this lawsuit was filed, at the latest".

(4) The term "at least" in the judgment in prior instance, page 140, line 14 (the judgment in prior instance, "Facts and reasons" section, No. 4, 5. (2), fourth paragraph, line 5) is corrected to "at the latest".

4. Issue 2-3 (Amount of damage based on Article 102, paragraph (3) of the Patent Act)

The judgment in prior instance is corrected as stated below and the remaining parts are as stated in the judgment in prior instance, page 140, line 20 through page 149, line 16 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6.), and therefore they are cited.

(1) The part from "[iv] in the Plaintiff's licensing agreement" in the part in the judgment in prior instance, page 142, line 6 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (2) A., second paragraph, line 15) until "has been determined," in line 9 (line 18 in said paragraph) is deleted.

(2) After the end of the judgment in prior instance, page 142, line 13 (the judgment in prior instance, "Facts and reasons" section, No.4, 6. (2) A., third paragraph, last line), the following is added as a new line.

"On the other hand, the First-instance Plaintiff alleged that the 'sales amount of the infringing product,' which is the presumption for calculating the amount equivalent to the royalties based on Article 102, paragraph (3) of the Patent Act, should be the sales amount of FX transactions using the Defendant's Server (allegation of damage based on paragraph (3) [i]); even if this isn't the case, it should be based on the number of FX transactions using the Defendant's Server (allegation of damage based on paragraph (3) [ii]). However, as stated above, in FX transactions where clients and FX transaction operators transact directly, clients' profits from FX transactions result in losses for the FX transaction operators from the FX transactions. Therefore, it is normal that FX transaction operators place similar orders with other financial institutions based on clients' orders to hedge their risk. This is called a cover deal. In addition, FX transactions are transactions on the assumption of difference settlement. The First-

instance Defendant conducts FX transactions by the method of aggregating orders of multiple clients including those using the Defendant's Service at a certain volume or for a certain period and offsetting selling orders and buying orders, and then conducting cover deals with other financial institutions for the volume of the difference, thereby balancing trading profits and losses. Based on these facts, it is suitable to the actual status of the First-instance Defendant's FX transactions that the 'sales amount of the infringing product,' which is a presumption of calculating the amount equivalent to the royalty based on said paragraph, is based on said trading profits and losses, in addition to the commission income from FX transactions using the Defendant's Server."

(3) The term "In response to this," in the judgment in prior instance, page 142, line 14 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (2) A., fourth paragraph, line 1) is corrected to "On the other hand".

(4) The part from "Indeed, the Plaintiff's licensing agreement" in the judgment in prior instance, page 142, line 19 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (2) A., fourth paragraph, line 6) until "even based on the actual status," in line 21 (line 8 in said paragraph) is deleted.

(5) The part from the beginning of the judgment in prior instance, page 144, line14 through the end of line 17 (the judgment in prior instance, "Facts and reasons" section, No.4, 6. (2) B. (B) b., second paragraph) is deleted.

(6) The part from the beginning of the judgment in prior instance, page 144, line 26 through the end of page 145, line 4 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (2) B. (C), second paragraph) is corrected to "Applying this to transaction [ii] and transaction [iii] using the Defendant's Server, the details of all said transactions did not achieve the transaction results that the Invention intended; however, it is found that, in all transactions, when multiple pieces of buying order information were generated and the market price increased, said transactions were originally provided to clients as the Defendant's Service using the Defendant's Server with the intention of fluctuating selling order prices."

(7) The part from the beginning of the judgment in prior instance, page 146, line 4 through the end of line 10 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (3) A., second and third paragraphs) is corrected as stated below.

"However, according to the evidence (Exhibits Ko 24 and 27) and the entire import of oral arguments, it is found that the First-instance Plaintiff concluded an agreement to receive commission income and monetary amounts equivalent to ●●% of dealing income related to FX transactions that the Plaintiff's Subsidiary receives from clients in relation to multiple patents or trademarks (including those under application);

concerning the invention that is the basis of the divisional application of the Patent (Patent Application No. 2014-77354), it is stated as 'International' in the field for 'Domestic / International' in item '7' of Attachment 2 related to said agreement and it is also defined as 'All designated states excluding Japan' in the field for 'Designated states' in the attachment. Concerning the reasons for the statements, the First-instance Plaintiff explained as follows: 'As stated in Article 2, it is a list of those under application at the time of the agreement. The 'Designated states' refers to the designated states in the PCT application, but not the scope of the right subject to licensing. It is stated in the field for designated state as 'All designated states excluding Japan' because in cases of filing a PCT application based on the application in Japan, such as the Patent, if Japan is not excluded from the designated states for the PCT application, prior domestic applications in Japan are deemed to be withdrawn (Article 184-15, Article 42, paragraph (1) of the Patent Act).' The details of said explanation are not considered to be unreasonable. However, as long as domestic application in Japan for the invention that is the basis for the divisional application of the Patent is not included in the statements in the agreement, it is found that, in the Plaintiff's licensing agreement dated October 1, 2014 (Exhibits Ko 24 and 27), the international application based on the aforementioned invention alone is subject to licensing, and it is understood that the Patent is not included in the Plaintiff's licensing agreement (Exhibits Ko 24 and 27).

In addition, based on the fact that the Plaintiff's licensing agreement was concluded between the First-instance Plaintiff and the Plaintiff's Subsidiary that is a 100% owned subsidiary of the First-instance Plaintiff, it is difficult to find immediately that the royalty rate is specified in accordance with economic rationality.

Consequently, it is not reasonable to immediately consider the fact that the royalty rate is determined to be ●●% under the Plaintiff's licensing agreement when calculating the royalty rate of the Patent."

(8) After the end of the judgment in prior instance, page 148, line 6 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (3) B. (D), the last line), the following is added as a new line.

"(E) In this regard, the First-instance Plaintiff alleged that it is incorrect to focus only on the first transaction for which the price was changed and to calculate the royalty rate by only taking into account the percentage of commission income from said transaction. However, the percentage of commission income alleged by the First-instance Plaintiff was considered when examining the details and importance of the technology of the invention that is an element to consider in the calculation of the royalty rate, and it is not that the royalty rate was calculated directly based on the

percentage of the commission income as alleged by the First-instance Plaintiff. Therefore, the aforementioned allegation of the First-instance Plaintiff is groundless."

(9) The term "potential competitive relationship" in the judgment in prior instance, page 148, line 21 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (3) D., second paragraph, line 2) is corrected to "competitive relationship".

(10) After the term ", etc." in the judgment in prior instance, page 148, line 25 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (3) E., line 1 of the main text, excluding the headline), the following phrase is added: "; as stated above, it was a transaction using the Defendant's Server, but there are transactions whose details did not reach transactions by the Invention as a result (transaction [ii] and transaction [iii]), etc."

(11) The part "B. Attorney's fees and patent attorney's fees" in the judgment in prior instance, page 149, line 9 through the end of page 16 (the judgment in prior instance, "Facts and reasons" section, No. 4, 6. (4) B. and C.) is deleted.

5. Issue 2-2-1 (Appropriateness of the application of Article 102, paragraph (2) of the Patent Act)

(1) Appropriateness of application of Article 102, paragraph (2) of the Patent Act

A. Article 102, paragraph (2) of the Patent Act stipulates that "If a patentee ... files a claim for compensation for damage that the patentee … personally incurs due to infringement against a person that, intentionally or due to negligence, infringes the patent right ..., and the infringer has profited from the infringement, the amount of that profit is presumed to be the value of damage incurred by the patentee ... ." Said paragraph is a provision intending to reduce difficulties in the presentation of evidence by stipulating that when an infringer has profited from the infringement, the amount of that profit is presumed to be the amount of damage to the patentee in light of the following situation: under the principle of the Civil Code, in order to claim payment of compensation for damage sustained by a patentee due to a patent infringement, the patentee must allege and prove the occurrence and amount of damage and the causal relationship between the occurrence and amount of damage and the patent infringement; however, the presentation of evidence, etc. is difficult and, as a result, inconveniences such as the damage not being appropriately compensated, etc. may arise. If there are circumstances where the patentee would have been able to make profits if there had been no patent infringement by the infringer, it should be understood that the application of said paragraph is approved (the judgment of the Intellectual Property High Court, Special Division on February 1, 2013, 2012 (Ne) 10015; the judgment of the Intellectual Property High Court, Special Division on June 7, 2019, 2018 (Ne)

10063).

B. Applying this understanding to this case, a 100% owned subsidiary (MONEY SQUARE, INC.) of the First-instance Plaintiff provides FX business and the Plaintiff's Service named "TRARIPI"; according to evidence (Exhibit Ko 30), TRARIPI is an FX order management function with an if-done (an order to place new and settlement orders at the same time) that has a repeat (a function to repeat placing orders) and a trap (a structure to place orders together at once); it is found that there is a "settlement trail" (a function to aim for maximization of profits by the settlement price following the trend of price fluctuations) as a special function of TRARIPI and it competes with the Defendant's Service. It is a 100% owned subsidiary company of the First-instance Plaintiff that provides the Plaintiff's Service. Although the subsidiary company is a different company from the First-instance Plaintiff, which is the patentee, the First-instance Plaintiff holds 100% of the shares of the Plaintiff's Subsidiary, and its objectives and principal business is to control, supervise, and manage the subsidiary company. The First-instance Plaintiff is a pure holding company with its profit source depending on business activities of the subsidiary company (Exhibit Ko 33; hereinafter the First-instance Plaintiff that is a holding company and the Plaintiff's Subsidiary are collectively referred to as the "First-instance Plaintiff Group" in some cases). Then, the Plaintiff's Subsidiary provides the Plaintiff's Service based on many patent rights held by the relevant holding company as a group company of the First-instance Plaintiff (Exhibits Ko 24 and 27). The Patent is not included in the Plaintiff's licensing agreement; however, it had to be in such a form in order to avoid inconvenience in association with an international application and it does not mean that the First-instance Plaintiff did not license the Invention to the Plaintiff's Subsidiary. Based on these circumstances, it is found that the Plaintiff's Subsidiary has worked the Invention. Therefore, it can be considered that the First-instance Plaintiff Group has conducted business using the Patent Right as the entire group under the management and instructions of the First-instance Plaintiff that is a holding company for the period of July 2017 through March 2019, for which the infringement of the Patent Right is disputed.

Therefore, there are circumstances where the First-instance Plaintiff Group would have been able to make profits if there had been no infringement of the Patent Right, that is, the provision of the Defendant's Service.

In addition, the profit source of the First-instance Plaintiff depends on business activities of the subsidiary company. The First-instance Plaintiff is in a position where it can execute the right independently concerning management and execution of the

Patent Right in the First-instance Plaintiff Group for said group and executes the right concerning the Patent Right to pursue profits in said group. Taking also into account the fact that there is no main body that executes the right related to the Patent Right other than the First-instance Plaintiff in the First-instance Plaintiff Group, there are circumstances in this case where the patentee would have been able to make profits if there had been no patent infringement by the infringer, and therefore, Article 102, paragraph (2) of the Patent Act can be applied.

C. Argument of the First-instance Defendant

(A) The First-instance Defendant alleged that the details of "actual status where patents are held and managed as a whole group and business using patents are developed as a whole group" as alleged by the First-instance Plaintiff are unclear.

However, as explained in B. above, the First-instance Plaintiff and the Plaintiff's Subsidiary are in the relationship of a pure holding company and a 100% owned subsidiary company. Currently, there are many companies adopting the holding company system (Exhibit Ko 32). In consideration of the status where, although a pure holding company and a 100% owned subsidiary company have different corporate statuses, an integrated operation of group companies is being developed, a system to deem a company group focusing on economic integrity centering on the parent company has been adopted, including a group corporate tax system with the purpose of achieving taxation conforming to the actual status, and a consolidated financial statement for the parent company to report the financial status, management results, and cash flow status of the company group comprehensively by deeming a company group consisting of two or more companies in a domination-subordination relationship as a single organization. Based on these circumstances, under the facts in this case, it is found that business using the Patent Right is being performed as a whole group under the management and instructions of the First-instance Plaintiff, and therefore, the aforementioned allegation of the First-instance Defendant is groundless.

(B) The First-instance Defendant alleged that it is not necessary to approve the application of Article 102, paragraph (2) of the Patent Act since even if a holding company is a patentee, it is possible to avoid the inconvenience that an operating company is not allowed to demand compensation for damage by such means as having the operating company become a patentee as a joint owner, establishing an exclusive license, or granting a non-registered exclusive license, and thereby making it possible for the operating company to demand compensation for damage as the main body of the demand for compensation for damage.

However, as stated above, in this case, the First-instance Plaintiff Group is

considered to have performed business using the Patent Right as a whole group under the management and instructions of the First-instance Plaintiff. Therefore, the circumstances related to the aforementioned allegation of the First-instance Defendant do not preclude the application of Article 102, paragraph (2) of the Patent Act. The matters generated from individual circumstances, such as the fact there are no profits that could have been received due to the lack of working ability, etc., should be considered as an issue concerning rebuttal of presumption.

Originally, the aforementioned allegation of the First-instance Defendant is related to the issue of whether the Plaintiff's Subsidiary, in addition to the First-instance Plaintiff, should be found to be the main body of the demand for compensation for damage related to the infringement of the Patent Right. The application of Article 102, paragraph (2) of the Patent Act to the demand for compensation for damage related to the infringement of the Patent Right of the First-instance Plaintiff in this case should not be denied.

Therefore, the aforementioned allegation of the First-instance Defendant is groundless.

(2) Profits of the First-instance Defendant (marginal profits)

A. Sales amount

According to the evidence (Exhibit Otsu 63-2 and Exhibit Otsu 73-2) and the entire import of oral arguments, the following is found: the total amount of commission income of the Defendant's Service for the period from July 9, 2017 through March 2, 2019, excluding the period related to extinctive prescription from the Period, is ●●●●●●●●●●● yen; and the total amount of trading profits and losses during said period is ●●●●●●●●● yen by allocating in proportion of the transaction volume using the Defendant's Server out of all transaction volume of the First-instance Defendant.

Based on the above, the "sales amount from the act of use," which is the presumption of calculating the profit amount that the First-instance Defendant obtained based on Article 102, paragraph (2) of the Patent Act, is found to be ●●●●●●●●●●● yen, which is the total amount of the aforementioned commission income and trading profits and losses.

B. Expenses

The First-instance Defendant alleged concerning the use of the Defendant's Server that when providing the Defendant's Service to customers, the First-instance Defendant has paid the system use fees based on the number of transactions, and therefore, the system use fees correspond to expenses that were additionally required directly related

to the use of the Defendant's Server.

However, according to the evidence (Exhibit Ko 34), the fixed amount of system use fees of ●●●●● yen arises regardless of the number of transactions up to a certain number of transactions. It is not always clear whether the use fees exceeding the fixed system use fees were for the use of the Defendant's Service. Based on the aforementioned circumstances, the system use fees cannot be said to be expenses required additionally directly related to the use of the Defendant's Server.

The allegations of the First-instance Defendant that are against the above understanding cannot be accepted.

C. Marginal profits

According to A. and B. above, the marginal profit amount that the First-instance Defendant obtained from the use of the Defendant's Server is ●●●●●●●●●●● yen.

(3) Rebuttal of presumption

A. The First-instance Defendant alleged that the following facts correspond to grounds for rebuttal of presumption in this case: [i] the Invention has little technical value and the contribution of the Invention to the First-instance Defendant's profits is small; [ii] the First-instance Plaintiff has not been registered as a financial instrument business operator and could not engage in FX transactions on a regular basis; [iii] there are many competitive services that are found to be replaceable with the Invention; and [iv] a certain amount of sales and profits were obtained from the Defendant's Service thanks to special marketing efforts by the First-instance Defendant, etc. Therefore, they are examined below.

B. Allegation [i] the Invention has little technical value and the contribution of the Invention to the First-instance Defendant's profits is small

According to the evidence (Exhibit Otsu 38) and the entire import of oral arguments, the popular best five repeat-type orders are TRARIPI (service of the Plaintiff's Subsidiary), Loop if-done, i cycle order (Defendant's Service), Try auto FX, and Auto rail. The comparison items of services include number of pairs of currencies available, order method (limit order or stop order, or market order), degree of freedom in setting the price range and profit range, transaction direction (whether multiple orders can be placed for pairs of the same currency, same transaction direction, or same price range), number of positions, specifications of automatic loss cut, amount of commission fees and spread, size of swap interest rate, existence of trail function, existence of market tracking function, compatibility with smartphones, existence of unique content, etc. These are found to be comparison items for using FX transactions services. The content

of the Invention is found to correspond to the "market tracking function" from among the aforementioned comparison items. There are statements valuing the "specifications of automatic loss cut," "setting method of price range and profit range," "commission fees and spread," and "swap interest rate," such as "The most important function for repeat-type orders is the specification of the automatic loss cut," "the characteristics of the service can be seen the most with the setting method of the price range and profit range," "in repeat-type orders where long-term investment is the baseline, these commission fees and spread directly result in performance," "swap interest rate is a big income source in repeat-type orders where the long-term position is kept in possession," etc., while there are no statements related to the "market tracking function."

Then, the market tracking function is not found to be an item that FX transaction users value and it should be said that the contribution of the Invention to forming the motive to use the Defendant's Service is limited. Therefore, it is found that the marginal profit amount that the First-instance Defendant obtained from the use of the Defendant's Service includes the part where the Invention has not been contributed.

Based on the above, the inclusion of said part is found to correspond to grounds for the Rebuttal of Presumption.

In this regard, the First-instance Defendant alleged as follows: in addition to the above, if the Invention is construed to have contributed to the sales of the Defendant's Service, the inventions of the First-instance Defendant that have been worked in the Defendant's Service also contributed to sales of the Defendant's Service and the amount of profits of the First-instance Defendant should be allocated in proportion to the contribution rate of said inventions. However, there is no evidence to find that the inventions of the First-instance Defendant concretely contributed to profits of the Defendant's Service as alleged by the First-instance Defendant, and therefore, the aforementioned allegation of the First-instance Defendant cannot be accepted.

C. Allegation [ii] the First-instance Plaintiff has not been registered as a financial instrument business operator in the first place, and could not engage in FX transactions on a regular basis

As determined in 5. (1) B. above, the First-instance Plaintiff Group is found to have been performing business using the Patent Right as a whole group under the management and instructions of the First-instance Plaintiff that is a holding company for the period from July 2017 through March 2019, for which the infringement of the Patent Right is disputed. Therefore, the fact that the First-instance Plaintiff that is a holding company has not been registered as a financial instrument business operator and could not engage in FX transactions on a regular basis is not found to be grounds

for rebuttal of presumption.

D. Allegation [iii] there are competitive services in the market

As stated above, as the best five repeat-type orders, TRARIPI (service of the Plaintiff's Subsidiary), Loop if-done, i cycle order (Defendant's Service), Try auto FX, and Auto rail are listed. According to the evidence (Exhibit Otsu 38), other FX transaction services were also introduced as repeat-type orders. It is found that there are competing services in the market.

Then, the existence of competing services in the market as alleged by the First-instance Defendant falls under a circumstance to partially deny the corresponding causal relationship between the marginal profit amount of the Defendant's Service and the amount of damage to the First-instance Plaintiff. Therefore, it corresponds to grounds for the Rebuttal of Presumption.

E. Allegation [iv] the First-instance Defendant's marketing efforts (branding ability, advertisement)

There is no evidence sufficient to find that the advertisement of the First-instance Defendant contributed to forming the motive to use the Defendant's Service to the extent of finding rebuttal of presumption.

Consequently, the marketing efforts alleged by the First-instance Defendant cannot be found to fall under grounds for the Rebuttal of Presumption.

F. As stated above, comprehensively taking into account the facts that there were competing services in the market, that it should be said that the contribution of the Invention to forming the motive to use the Defendant's Service is limited, and that the marginal profit amount that the First-instance Defendant obtained from the use of the Defendant's Service includes the part where the Invention did not contribute, it is reasonable to find that the contribution rate of the Invention to motivating the First-instance Defendant to use the Defendant's Service is ●0 %, and concerning the part exceeding the aforementioned contribution rate, it is found that there is no corresponding causal relationship between the marginal profit amount of the First-instance Defendant and the amount of damage to the First-instance Plaintiff.

Therefore, the Presumption is found to be rebutted to the aforementioned extent. The amount of damage to the appellant based on Article 102, paragraph (2) of the Patent Act is found to be ●●●●●●●●● yen in total, which is equivalent to ●0% of the marginal profit amount of the First-instance Defendant.

In this regard, the First-instance Plaintiff alleged that Article 102, paragraph (3) of the Patent Act should be also applied to the part of rebuttal of presumption. However, the circumstances that are found to be grounds for rebuttal of presumption in the

aforementioned determination are not grounds for rebuttal on grounds of exceeding the patentee's working ability and there is no evidence to find that the First-instance Plaintiff could have granted a license. Therefore, the allegation of the First-instance Plaintiff is groundless.

6. Issue 2-1 (damage based on Article 102, paragraph (1) of the Patent Act)

In this case, the First-instance Plaintiff alleged, concerning damage based on Article 102, paragraph (1) of the Patent Act, on the assumption that the total volume of transactions using the Defendant's Server in fiscal year 2017 and fiscal year 2018 is 214,950,600 lots (Exhibit Ko 13), the infringing period is one year and 9 months (1.75 years), and the percentage of the Defendant's Service using the Defendant's Server is no less than 5%, the transaction volume using the Defendant's Service during the infringing period is 9,404,089 lots ([214,950,600 (lots) × 1.75/2 (years) × 0.05] rounded off to unit) and the First-instance Plaintiff alleged that the amount of damage equivalent to commission income is ●●●●●●●●●●●●● yen (= ●●● × 9,404,089) that is calculated by a unit profit amount of ●●● yen per lot of transaction using the Plaintiff's Service, and the amount of damage equivalent to trading profits and losses is ●●●●●●●●●●●●● yen (= ●●● × 9,404,089) that is calculated by a unit profit amount of ●●● yen per lot of transaction using the Plaintiff's Service. However, there is no evidence to find that the percent of the Defendant's Service using the Defendant's Server in total volume of transaction using the Defendant's Server is 5% and that the unit profit amount per lot of transaction using the Plaintiff's Service is as alleged by the First-instance Plaintiff. Therefore, it is not proved that damage exceeding the amount of damage based on Article 102, paragraph (2) of the Patent Act as found in 5. above is found.

7. Amount of damage

(1) Based on the above, the amount of damage related to Article 102, paragraph (2) of the Patent Act that was found in 5. above is larger than the amount of damage related to paragraph (3) of said Article that was found in 4. above or the amount of damage related to paragraph (1) of said Article as examined in 6. above. Therefore, the amount of damage related to Article 102, paragraph (2) of the Patent Act (●●●●●●●●● yen) is found to be the amount of damage to the First-instance Plaintiff (excluding the amount equivalent to attorney's fees and patent attorney's fees, and the amount equivalent to the consumption tax).

(2) Attorney's fees and patent attorney's fees

In consideration of the difficulty of the case, the claimed amount, the approved amount, and other circumstances, it is reasonable to consider that the attorney's fees

and the patent attorney's fees that are in a corresponding causal relationship with the tort in this case are●●●● yen.

(3) Amount equivalent to the consumption tax

The First-instance Plaintiff alleged that 8% of the amount equivalent to the consumption tax on the lost profit amount based on Article 102, paragraph (2) of the Patent Act and 10% of the amount equivalent to the consumption tax on the attorney's fees and patent attorney's fees fall under damage.

However, the amount of ●●●●●●●●●● yen that is the amount of damage from patent infringement as found in (1) above from among the alleged amount falls under "the amount for which the substance is found to fall under the compensation for the transfer, etc. of assets" (the Basic Directive on the Consumption Tax 5-2-5). It is reasonable to find that the consumption tax is imposed on that amount and that the amount of ●●●●●●●●● yen, which is obtained by multiplying ●●●●●●●●●● yen by 8% as alleged by the First-instance Plaintiff is damage for the amount equivalent to the consumption tax.

On the other hand, concerning the amount equivalent to attorney's fees and patent attorney's fees, consumption tax is not imposed on them, and therefore, damage at the amount equivalent to the consumption tax on said amount cannot be found.

(4) The total amount of (1), (2), and (3) above is 43,565,491 yen.

No. 5 Conclusion

Consequently, the demand of the First-instance Plaintiff against the First-instance Defendant has grounds to the extent of 43,565,491 yen and delay damages accrued thereon at the rate of 5% per annum as set forth in the Civil Code before the Amendment for the period from March 4, 2019, which is the day after the tort related to the demand of the First-instance Plaintiff, until the completion of the payment and it should be upheld to said extent, and the remaining demand should be dismissed due to being groundless. However, different from the above, the judgment in prior instance partially upheld the First-instance Plaintiff's demand for compensation for damage to the extent of payment of 20,149,093 yen and delay damages accrued thereon at the rate of 5% per annum for the period from said date until the completion of payment. The judgment in prior instance is partially incorrect in this respect. The appeal by the First-instance Plaintiff has partial grounds and the judgment in prior instance is corrected as stated above, but the appeal by the First-instance Defendant is groundless, and therefore, it is dismissed, and the judgment is rendered as indicated in the main text.

Intellectual Property High Court, First Division

Presiding judge HONDA Tomonari
Judge: TOYAMA Atsushi
Judge: AMANO Kenji