Patent Right	Date	January 21, 2020	Court	Intellectual Property High Court, First Division
	Case number	2019 (Ne) 10036		
- A case in which, concerning the presumption of the amount of damages as stipulated in Article 102, paragraph (2) of the Patent Act, the court dismissed the infringer's assertion that the presumption should be overturned at least by 70% by taking into consideration the percentage of the value of the implementing part of the patent invention out of the entirety of the infringed product.				

Case type: Injunction

Result: Appeal dismissed

References: Article 70, paragraphs (1) and (2), and Article 29, paragraph (1), item (iii) and paragraph (2), and Article 104-3, and Article 100, paragraphs (1) and (2), and Article 102, paragraphs (2) and (3) of the Patent Act

Related rights, etc.: Patent No. 3909365

Judgment of the prior instance: Tokyo District Court, 2017 (Wa) 26468

Summary of the Judgment

1. The present case is one in which the appellee, who has the patent right for an invention titled "BEAM REINFORCING METAL FITTINGS AND STRUCTURE THAT USES BEAM REINFORCING METAL FITTINGS FOR REINFORCING BEAMS HAVING THROUGH-HOLES", alleged against the appellant that the appellant's manufacture, use, and sale of each of the Defendant's products infringe on the Patent Right, and sought for an injunction against the production, use, and assignment of each of the Defendant's products, and for disposal of each of the Defendant's products, and for payment of compensation for damage pursuant to Article 102, paragraph (2) of the Patent Act on the basis of an act of tort.

   In the judgment of the prior instance, the court approved the appellee's claim for an injunction against the appellant's manufacture, use, and sale of the Defendant's products, and the claim for disposal of the Defendant's products, in addition to approving the claim for compensation for damage to the extent of payment of 1,562,345 yen along with the delay damage arising therefrom, and dismissed other claims. In response, the appellant filed a case of appeal against the judgment in prior instance.

2. In the judgment of the present case, the court held that each of the Defendant's products belongs to the technical scope of each of the Inventions, and that since each of the Corrections are lawful, it cannot be acknowledged that the Patent, after having been corrected, should be invalidated in a trial for invalidation.

Accordingly, the court dismissed the appeal by ruling concerning the amount of damages as follows.

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

Article 102, paragraph (2) of the Patent Act provides as follows: "If a patentee ... claims compensation for damages that the patentee ... personally incurs due to infringement, against a person that, intentionally or due to negligence, infringes the patent ..., and the infringer has made a profit from the infringement, the amount of that profit is presumed to be the value of damages incurred by the patentee". Under the principle of the Civil Code, the provisions of Article 102, paragraph (2) of the Patent Act should be interpreted as follows: If a patentee wants to seek compensation for the damage incurred as a result of patent right infringement, the patentee must assert the occurrence of damage and the amount thereof, and the causal relationship between the occurrence of damage and the amount thereof, and the act of patent right infringement, and provide supporting evidence; however, presenting evidence in this regard is difficult, and as a result, the inconvenience of failure to compensate appropriately for damage arises. Accordingly, if an infringer has profited from an infringing act, the amount of such profits is presumed to be the amount of damage incurred by the patentee, thereby making the process of presenting evidence less difficult; furthermore, if the patentee is under the circumstances in which the patentee would have gained profits had there not been any act of patent right infringement by the infringer, it is acknowledged that Article 102, paragraph (2) of the Patent Act applies to such case.

In accordance with the intent of Article 102, paragraph (2) of the Patent Act as described above, it is reasonable to interpret that the amount of profits made by the infringer as a result of the infringing act as stipulated in the same paragraph is, in principle, the full amount of the profits made by the infringer, and it should be interpreted that the presumption according to the same paragraph extends to such full amount of profits in general. Of course, the above provisions being a presumptive rule, if the infringer's side makes assertions and provides supporting evidence on the lack of reasonable causal relationship between the partial or full amount of profits made by the infringer, and the damage incurred by the patentee, then it can be said that the above presumption shall be overturned within the extent asserted by the infringer.

(2) The amount of profits made by the infringer by the infringing act

The amount of profits made by the infringer by the infringing act as

stipulated in Article 102, paragraph (2) of the Patent Act is the amount of marginal profit which is obtained by deducting, from the amount of sales of the infringing product by the infringer, the expenses which were additionally required in direct association with the manufacture and sale of such products as a result of the infringer's manufacture and sale of the products. The parties are not in dispute over the amount of profits made by the appellant from the sale of the Defendant's products.

(3) Regarding the reasons for overturning a presumption

A. Circumstances for overturning a presumption

According to Article 102, paragraph (2) of the Patent Act, an infringer is responsible for making assertions and presenting supporting evidence in order to overturn a presumption, as in the case of the circumstances set forth in the proviso of the same Article, paragraph (1), and it is interpreted that the circumstances, which interfere with the causal relationship between the profits made by the infringer and the damage incurred by the patentee, apply to such case. For example, in regards to the circumstances such as [i] the difference between the patentee's manner of business and the infringer's manner of business (difference in the market), [ii] the presence of competing products in the market, [iii] marketing efforts made by the infringer (brand power, advertising), and [iv] performance of the infringing product (characteristics other than the patent invention, such as the functions, designs, and others), it is interpreted, as in the case of the circumstances of the proviso of Article 102, paragraph (1) of the Patent Act, that these circumstances can be taken into consideration as the circumstances for overturning the presumption in regards to paragraph (2) of the same Article as well. Also, if the patent invention is implemented with respect to part of the infringing product only, such matter can be taken into consideration as circumstances for overturning the presumption, but the fact that the patent invention is implemented with respect to part of the patent invention only does not immediately lead to the acknowledgement that the above presumption shall be overturned, and it is reasonable to determine by comprehensively taking into consideration the circumstances such as the position of the part, with respect to which the patent invention is implemented, out of the infringed product, and the customer attracting power of said patent invention.

B. Regarding the appellant's assertions

(A) The appellant asserts that each of the Inventions is, in its entirety, the entirety of each of the Defendant's products, and that while the characteristic part is the flange part, the percentage of the value of the part with respect to which the patent invention is implemented, against the entirety of the infringed product, or in other words, the degree of contribution made by the patent invention on the infringing product, should be taken into consideration, so that the above presumption should be overturned by at least 70%. However, according to the statements of the Description, it cannot be said that the characteristic part of each of the Inventions lies in the flange part only.

(B) The appellant asserts that the effect that is unique to the flange part is not actively appealed in any way, in advertisement for each of the Defendant's products, to consumers. However, it is believed that the characteristics of each of the Defendant's products, as shown on websites and in catalogues which also contain illustrations of the flange part of each of the Defendant's products, originate from the structures of the Inventions.

(C) While an infringer is responsible for making assertions and presenting supporting evidence in regards to the circumstances for overturning a presumption, it cannot be acknowledged that, in the present case, there are circumstances to overturn the presumption concerning the amount of damages as is described above.