Patent Right	Date	May 27, 2020	Court	Intellectual Property High Court, Fourth Division
	Case number	2018 (Ne) 10016		

- A case in which it was acknowledged that the presumption pursuant to Article 102, paragraph (2) of the Patent Act was overturned to 30%, comprehensively taking into consideration, as circumstances which overturn the above presumption, that a portion corresponding to equipment, etc. other than an infringing product (a part) accounts for most of a marginal profit of the whole of a product, that the equipment, etc. other than the infringing product also contributes to the formation of motivation to purchase the whole of the product, and that the invention relates to the part and is not an invention of the whole of an apparatus, as well as technical positioning of the infringing product in the whole of the product, and technical significance of the invention.
- A case in which it was held that no cause-and-effect relationship was acknowledged between unjust enrichment equivalent to a marginal profit concerning the sale of the whole of the product, and a profit equivalent to a marginal profit of a portion of the infringing product (the part), and damages, and then, a claim for restitution for unjust enrichment of the amount equivalent to royalties which is 2% of sales volume of the whole of the product was acknowledged, comprehensively taking into consideration various circumstances presented in this lawsuit, such as average values of royalty rates, that the infringing product is one of parts in the whole of the product, the technical positioning of the infringing product (the part) in the whole of the product, and the technical significance of the invention.

Case type: Compensation

Result: Modification of the prior instance judgment

References: Article 703 and Article 709 of the Civil Code; and Article 36, paragraph (4), paragraph (6), items (i) and (ii), and paragraph (4), Article 102, paragraph (2), and Article 104-3 of the Patent Act

Related rights, etc.: Patent No. 2797080

Judgment of the prior instance: Osaka District Court 2015 (Wa) 12965

Summary of the Judgment

1. Outline of the case

(1) The present case is one in which the Appellant, who comprehensively succeeded to the right and duty from the patentee of the present patent (Patent No. 2797080) on the invention titled "METHOD FOR EJECTING LIQUID AS FINE PARTICLES, AND NOZZLE", asserted that the production and sale of each of the Defendant's products (the atomizing device (the nozzle) in the present spray dryer and the spray dryer equipped therewith for producing fine particles) by the Appellee

constitutes an infringement of the present patent right, and claimed that the Appellee should pay to the Appellant a sum of 325,050,000 yen as a claim for compensation for damage and a claim for restitution for unjust enrichment based on the tort of the infringement of the present patent right, as well as delay damages thereon.

The court of prior instance dismissed the claims of the Appellant before succession of the lawsuit (hereinafter referred to as the "Appellant" without distinguishing between the Appellant before succession of the lawsuit and the Appellant) without going so far as to determine other issues, on the grounds that it could not be recognized that each of the Defendant's products satisfies the configuration of "ejecting a liquid as a fine particle" in the scope of claims of the present patent.

In this instance, the Appellant withdrew the action of the portion concerning the claim for compensation for damage based on indirect infringement of the present patent right according to Claims 1 and 2, and restricted the monetary claim to a claim for a sum of 194,383,651 yen as well as delay damages thereon.

(2) The issues in the present case are as follows.

A. Whether or not each of the Defendant's products falls within the technical scope of Present Invention 4 (the invention according to Claim 4) and Present Invention 6 (the invention according to Claim 6).

B. Whether or not the defense of invalidity is valid.

C. The amount of damages of the Appellant to be compensated or restituted by the Appellee, etc.

2. Summary of this Judgment

This judgment held that each of the Defendant's products falls within the technical scope of Present Inventions 4 and 6, and the defense of invalidity is not accepted, and thus, the present patent right is infringed. Then, this judgment held the amount of damages of the Appellant to be compensated or restituted by the Appellee, etc., as follows, and affirmed the Appellant's claim to the extent that the Appellant claimed payment of 21,898,823 yen as well as delay damages thereon.

(1) The amount of damages based on Article 102, paragraph (2) of the Patent Act

A. Application of Article 102, paragraph (2) of the Patent Act with regard to the sale of Present Spray Dryer (1)

Present Spray Dryer (1) is the spray drying apparatus (the spray dryer) which comprises the infringing product (the nozzle). Thus, it is acknowledged that the sale of Present Spray Dryer (1) by the Appellee constitutes an infringement of the present patent right relating to Present Inventions 4 and 6. The amount of profit (marginal

profit) received by the Appellee due to the sale of Present Spray Dryer (1) is presumed to be the amount of damages incurred by the Appellant pursuant to Article 102, paragraph (2) of the Patent Act.

In view that the Appellee sold the whole of Present Spray Dryer (1) as a single apparatus and did not sell its component parts separately, and in light of the purpose of Article 102, paragraph (2) of the Patent Act, which is intended to reduce the difficulty of proving the amount of damages and to facilitate the process of proving the amount of damages, the amount of the marginal profit of the whole of Present Spray Dryer (1) received by the Appellee is presumed pursuant to Article 102, paragraph (2) of the Patent Act, and it is reasonable to consider the infringing product's status of being one of the replaceable parts of Present Spray Dryer (1) as a circumstance which wholly or partially overturns the above presumption.

B. Grounds for overturning the presumption

(A) It can be recognized that in the marginal profit of Present Spray Dryer (1), equipment other than the nozzle or the portion corresponding to its parts accounts for most of the marginal profit, and the equipment other than the nozzle and its performance also contributes to the formation of the purchaser's motivation to purchase Present Spray Dryer (1). In addition, Present Inventions 4 and 6 relate to the nozzle portion of Present Spray Dryer (1), and are not inventions of the whole of the apparatus. In view of these points, it can be recognized that the nozzle of the infringing product being one of the parts of Present Spray Dryer (1) corresponds to the circumstance which overturns the above presumption.

(B) The Appellee asserts that Present Spray Dryer (1) has higher quality than the Appellant's product, and that circumstances such as the existence of competitors and competitive products are those which overturn the presumption of the present case. However, there is insufficient evidence to recognize these circumstances.

(C) Comprehensively taking into consideration the circumstances which overturn the above presumption, the technical positioning of the atomizing device (the nozzle) in the spray dryer, and the technical significance of Present Inventions 4 and 6, it is reasonable to acknowledge that the contribution ratio of Present Inventions 4 and 6 to the formation of the motivation to purchase Present Spray Dryer (1) is 30%, and with regard to the portion exceeding the above contribution ratio, it can be recognized that there is no reasonable cause-and-effect relationship between the amount of the marginal profit of Present Spray Dryer (1) and the value of damages incurred by the Appellant.

(2) Unjust enrichment

A. Unjust enrichment equivalent to the marginal profit relating to the sale of Present Spray Dryers (2) to (5)

The Appellant asserts that the Appellee made a profit equivalent to the marginal profit due to the sale of Present Spray Dryers (2) to (5), which caused the Appellant to incur a loss of the same amount as a result of this sale, because there is a relationship between the Appellant and the Appellee that if the Appellee did not receive the order for Present Spray Dryers (2) to (5), the Appellant could receive the order. However, there is insufficient evidence to recognize a cause-and-effect relationship between the Appellant's loss and the Appellee's profit equivalent to the marginal profit.

Next, the Appellant asserts that the Appellee made a profit equivalent to the marginal profit on the nozzle portion due to the sale of Present Spray Dryers (2) to (5), which caused the Appellant to incur a loss of the same amount as a result of this sale. However, there is insufficient evidence to recognize a cause-and-effect relationship between the Appellant's loss and the Appellee's profit equivalent to the marginal profit on the nozzle portion.

According to the above, without going so far as to determine other issues, the Appellant's claim for restitution for unjust enrichment equivalent to the marginal profit of Present Spray Dryers (2) to (5) is groundless.

B. Unjust enrichment equivalent to royalties (preliminary assertion)

The sale of Present Spray Dryer (2) corresponds to the working of Present Inventions 4 and 6, and the sale of Present Spray Dryers (3) to (5) corresponds to the working of Present Invention 4, and the Appellee did not pay any royalties for the above working of Present Inventions 4 and 6. Thus, it can be recognized that the Appellee made a profit of the amount equivalent to the royalties by the sale of Present Spray Dryers (2) to (5), which caused the Appellant to incur a loss of the same amount as a result of this sale.

Then, the amount equivalent to the royalties is discussed. In this lawsuit, various circumstances are presented as follows: [i] Jisshiryo Ritsu (in Japanese) (Royalty Rate) (5th Edition) states that in the technical field of general industrial machinery, the average royalty rate for the period "fiscal years 1992 to 1998" is 4.4% with initial payment and 4.2% without initial payment, and the royalty rate for the largest number of contracts is 5%; [ii] The Japan Patent Office's Investigation Research Report on the Problems of the Industrial Property Rights System of fiscal year 2009 states that, as a result of the questionnaire survey, the average royalty rate is 3.2% (maximum value 9.5, minimum value 1.5) in the product field of "separation/mixing" among technology classifications; [iii] the nozzle is one of the parts of Present Spray Dryers

(2) to (5); [iv] the technical positioning of the atomizing device (the nozzle) in the spray dryer and the technical significance of Present Inventions 4 and 6; and so on. Comprehensively taking into consideration these various circumstances presented in this lawsuit, it is reasonable to acknowledge that the royalty rate for Present Inventions 4 and 6 is 2% of the sales volume of the whole of the spray dryers.

Therefore, the amount of profit to be restituted by the Appellee is the amount of the total sales volume of Present Spray Dryers (2) to (5) multiplied by the royalty rate of 2%.