Date	May 14, 2018	Court	Intellectual Property High Court, Second Division
Case number	2017 (Gyo-Ko)10004		
- The term "If ... has a legitimate reason(s)" in Article 112-2, paragraph (1) of the Patent Act refers to a case where the patent fees and the surcharge were unable to be paid within a period during which a late payment of the patent fees can be made under the provisions of Article 112, paragraph (1) of the Patent Act under the objective circumstances found to be unavoidable even if generally required due care is taken on the side of the original patentee (including those entrusted to manage payment or to take payment procedures of the patent fees) unless under special circumstances. - A case in which there are no "legitimate reasons" under Article 112-2, paragraph (1) of the Patent Act.			

References: Article 112-2, paragraph (1), Article 112, paragraph (1), main clauses of Article 108, paragraph (2) of the Patent Act

Summary of the Judgment

1. Basic facts

The appellant was the patentee of the patent right but did not make a payment of the patent fees for the fourth year and the surcharge within a payment period (the payment period; The deadline was June 17, 2014) under the main clauses of Article 108, paragraph (2) of the Patent Act and did not make a payment of the patent fees and the surcharge for the fourth year within a late payment period (the late payment period; the deadline was December 17, 2014) under Article 112, paragraph (1) of the Patent Act (lapse of the period). Therefore, the patent right was deemed to have been extinguished retroactively upon the lapse of the payment period under Article 112, paragraph (4).

The appellant submitted, as of December 9, 2015, a statement of payment and a statement of reasons stating that each of the patent fees for the fourth year and the fifth year under Article 112-2, paragraph (1) of the Patent Act would be paid to the Commissioner of the Japan Patent Office, but the Commissioner of the Japan Patent Office dismissed the submission procedure of the statement of payment (the dismissal).

2. Outline of the case

This case is a case in which the appellant alleged that the dismissal was against the law since application of the interpretation of Article 112-2, paragraph (1) of the Patent Act was incorrect, and requested rescission.

In prior instance, the request by the appellant was dismissed since there were no "legitimate reasons" for the lapse of the period.

The appellant appealed against the judgment in prior instance.

3. Outline of determination

The appeal was dismissed with the outline of the judgment as follows:

(1) Determination standard of "If ... has a legitimate reason(s)" under Article 112-2, paragraph (1) of the Patent Act

At the time of the revision by 2011 Law No. 63 (2011 Amendment No. 63 to Patent Act), the Patent Law Treaty admitted selection of either one of "Due Care (so-called 'due care') was taken" and "Unintentional (so-called 'not intentional')" as requirement granting remedy in the case of lapse of the procedure period. The 2011 Amendment No. 63 to the Patent Act employed the "Due Care (so-called 'due care') was taken" as a requirement which can ensure effective remedy while supervising load of a third party is taken into consideration and provided for the "If ... has a legitimate reason(s)" for which the patent fees and surcharge could not be paid as wording of Article 112-2, paragraph (1) of the Patent Act on the premise that a fee required for the remedy shall be free of charge as before.

Then, it is reasonable to understand that the "If ... has a legitimate reason(s)" in Article 112-2, paragraph (1) of the Patent Act refers to a case where the patent fees and the surcharge were unable to be paid within a period during which a late payment of the patent fees can be made under the provisions in Article 112, paragraph (1) of the Patent Act under objective circumstances found to be unavoidable even if generally required due care is taken on the side of the original patentee (including those entrusted to manage payment or to take payment procedures of the patent fees) unless there are special circumstances.

(2) Application to the case

A. The appellant paid the patent fees for the first year to the third year of the patent right on May 26, 2011 and establishment of the patent right was registered on June 17, 2011. When the patent application procedures are entrusted with a patent attorney, usually, whether or not the patent fees will be paid for the first year to the third year is checked with the requestor after the patent is granted, and a patent certificate or the like sent after the registration of establishment of the patent right is delivered to the requestor. Then, not only is the appellant the inventor of the invention according to the application of the patent and filed the application of the patent by himself, but also the appellant had a sufficient chance to recognize that establishment of the patent right was registered around June of the year after the Great East Japan Earthquake on March 11 of the year and thus, even on the basis of the allegation by the appellant that the appellant's own house suffered from the Great East Japan Earthquake, it is found that the appellant recognized in about June 2011 that establishment of the patent right was registered around that time.

B. The appellant alleged that the appellant managed documents relating to the patent right in wrapper by himself and managed the payment deadline of the patent fees. After the house of the appellant suffered from the Great East Japan Earthquake, the appellant entrusted to a third party, reorganizing and discarding scattered and damaged things in the house while giving the party a caution not to erroneously discard the important documents relating to the patent, but the third party nevertheless lost the wrapper of the patent right.

However, management of the payment of the patent fees and the like should be done on the responsibility of the patentee, and if the patent is to be managed in the wrapper containing the documents relating to the patent right, the appellant should have managed so as not to lose the wrapper with due care required in general. And the appellant who managed the patent right in wrapper should have confirmed that his concern that the wrapper was erroneously discarded after the third party reorganized and discarded things has not been realized.

C. The appellant alleges that, though the appellant asked his patent attorney's office to make a list of rights, the list missed information of the patent right since management data of the patent attorney's office missed the data on the patent right.

However, the appellant who is the patentee can freely select, regarding how to check existence of the patent right by the name of the appellant and its contents, whether it should be made by the appellant himself or it should be entrusted with a third party and if it is entrusted with a third party, who will be chosen as the third party. Thus, even though the existence of the patent right could be recognized easily by, for example, referring to Patent Information Platform at the third party (the patent attorney's office) entrusted at his own discretion, the appellant did not make such confirmation and could not grasp the existence of the patent right, which should be considered as circumstances on the side of the patentee.

D. It is not found that there is such a fact that the appellant entrusted the patent office with delivery of a notification on the payment of the patent fees of the patent right for the purpose of management of the payment deadline of the patent fees. Therefore, non-delivery of a notification guiding the payment of the patent fees of the patent right does not constitute reasons for the appellant for the lapse of the period of this case even with due care required in general.

E. All things above considered, since the lapse of the period is not applicable to the case where the patent fees and surcharges could not be paid within the late payment period due to objective circumstances found to be unavoidable even with due care generally required for the appellant who is the original patentee, there are no

"legitimate reasons."

Judgment rendered on May 14, 2018
2017 (Gyo-Ko) 10004 case of request for rescission of disposition of dismissal of patent fee payment statement
(Court of prior instance by Tokyo District Court 2017 (Gyo-U) 253)
Date of conclusion of oral argument March 19, 2018

Judgment

Appellant (Plaintiff in the first instance) X
Appellee (Defendant in the first instance) Country
Administrative Office of proceeding: Commissioner of the Japan Patent Office

Main text

1. The appeal of this case is dismissed.
2. The appellant shall bear the cost of the appeal.

Facts and reasons

Abbreviations of terms and meanings of the abbreviations shall follow the judgment in prior instance in addition to those attached to the judgment.

I. Object of the appeal

1. The judgment in prior instance is revoked.
2. The deposition dismissing proceeding as of September 9, 2016 rendered by the commissioner of the Japan Patent Office regarding the patent fee payment statements for the fourth year to the fifth year relating to the patent right of the Patent No. 4761196 is rescinded.

II. Outline of the case

1. Developments of the case, etc.

(1) This case is a case in which, with regard to the patent right of the case for which the appellant who is a patentee of the patent right (the patent right of the case) of Patent No. 4761196 did not make a payment of the patent fees and the surcharge (the patent fees and the like) within the late payment period of the patent fees pursuant to Article 112, paragraph (1) of the Patent Act (hereinafter referred to simply as the "Act") and deemed to have been extinguished pursuant to the Article, paragraph (4), the appellant submitted the statement of payment (the statement of payment) and the statement of reasons for restoration stating that each of the patent fees and the like for

the fourth year and the fifth year would be paid pursuant to Article 112-2, paragraph (1) of the Act, but the commissioner of the Japan Patent Office dismissed the submission proceeding of the statement of payment of the case as of September 9, 2016 (the dismissal) and thus, the appellant made a request for revocation alleging that the appellant has "legitimate reasons why the patent fees and surcharges could not be paid ... within the time limit for late payment of the patent fees" pursuant to Article 112-2, paragraph (1) of the Act, and the dismissal was against the law since application of the interpretation of the provision was incorrect."

(2) In the prior instance, the request by the appellant was dismissed since there were no "legitimate reasons" pursuant to Article 112-2, paragraph (1) of the Act for the lapse of late payment period during which the appellant did not make payment of the patent fees and the like for the fourth year (the lapse of period).

(3) The appellant appealed against the judgment in prior instance.

(omitted)

III. Court decision

The court determines that, with regard to the portion relating to the patent fee and the like for the fourth year in the payment by the statement of payment, there are no legitimate reasons for the lapse of period and with regard to the portion relating to the patent fee and the like for the fifth yea, as well, the patent right extinguished since late payment of the patent fee and the like for the fourth year was not allowed and thus, the dismissal which dismissed the submission proceeding of the statement of the payment was not against the law on the grounds of the incorrect application of the interpretation of Article 112-2, paragraph (1) of the Act due to the reasons of the same effect and therefore, the conclusion of the judgment in prior instance that dismissed the request of the appellant is reasonable and the appeal should be dismissed. The reasons for that are as described in III in "Facts and reasons" in the judgment of prior instance other than correction of the judgment of prior instance as 1 below and determination on supplementary allegation of the appellant in this court as 2 below.

1. Correction of the judgment in prior instance

(1) The description on page 7, lines 23 to 26 on the judgment in prior instance is corrected as follows:

"Then, it is reasonable to understand that the 'If ... has a legitimate reason(s)' in Article 112-2, paragraph (1) of the Act refers to a case where the patent fees and the surcharge were unable to be paid within a period during which a late payment of the patent fees can be made under the provisions in Article 112, paragraph (1) of the Act under objective circumstances found to be unavoidable even if generally required due care is taken on the side of the original patentee (including those entrusted to manage payment or to take payment procedures of the patent fees) unless there are special circumstances."

(2) The description on page 8, line 11 to page 10, line 6 on the judgment in prior instance is corrected as follows:

"(2) According to the entire import of evidences and oral argument described later, the following facts are found for the patent right:

A. the appellant filed a patent application according to the patent right on August 15, 2005 (Patent Application No. 2005-262908. Hereinafter, referred to as the 'patent application') and then, submitted notification of acceptance of attorney that the patent attorney as an assistance in court of the appellant on July 30, 2008 and requested application examination on August 6 of the year (Exhibits Otsu 1-1 to 3, Exhibit Otsu 3) for the patent application.

B. The notice of reasons for refusal was given as of January 14, 2011 with regard to the patent application, but on March 14 of the year after the Great East Japan Earthquake on the 11th of the month, the appellant amended the scope of claims, the description, and the drawings and submitted a written opinion (Exhibits Otsu 2-1 to 3).

C. The patent application was granted a patent as of April 14, 2011, the appellant made a payment of the patent fees for the first year to the third year on May 26 of the year, and establishment of the patent right was registered on June 17 of the year (Exhibit Otsu 2-4, Exhibit Otsu 3).

(3) According to the facts found in the aforementioned (2), the appellant paid the patent fees for the first year to the third year of the patent right on May 26 of the year when two months or more had elapsed since the Great East Japan Earthquake on March 11, 2011, and it is found that the establishment of the patent right was registered on June 17 of the year. Then, when the patent application procedures are entrusted with a patent attorney, usually, whether or not the patent fees will be paid for the first year to the third year is checked with the requestor after the patent is granted, and a patent certificate or the like sent after the registration of establishment of the patent right is delivered to the requestor and thus, it is presumed that the appellant was asked about whether the patent fees for the first year to the third year should be paid during a

period from April 14 to May 26 of 2011 and the appellant received the patent certificate or the like after elapse of a reasonable period of time from June 17 of the year, and there is not sufficient evidence to overcome it. Then, not only is the appellant the inventor of the invention according to the application of the patent and filed the application of the patent by himself, but also the appellant had a sufficient chance to recognize that establishment of the patent right was registered around June of the year after the Great East Japan Earthquake on March 11 of the year and thus, even on the basis of the allegation of the appellant that the appellant's own house suffered from the Great East Japan Earthquake, it is found that the appellant recognized in about June 2011 that establishment of the patent right was registered around that time.

(4) The appellant alleged that the appellant managed documents relating to the patent right in wrapper by himself and managed the payment deadline of the patent fees. After the house of the appellant suffered from the Great East Japan Earthquake, the appellant entrusted to a third party reorganizing and discarding scattered and damaged things in the house while giving the third party a caution not to erroneously discard the important documents relating to the patent, but the third party nevertheless lost the wrapper of the patent right. However, management of the patent right such as the payment of the patent fees and the like should be done on the responsibility of the patentee, and if management in the wrapper containing the documents relating to the patent right (hereinafter, referred to as the "patent related wrapper") was employed as the management method, the appellant should have managed so as not to lose the patent related wrapper with due care required in general.

Details of the damage situation of the place where the appellant stored the patent related wrapper are not known, but according to the allegation of the appellant, when the appellant asked the third party to reorganize the place where the patent related wrapper was stored, the appellant gave the caution not to erroneously discard the important documents relating to the patent and thus, the appellant who managed the patent right in the patent related wrapper should have confirmed whether his concern that the patent related wrapper was erroneously discarded had not been realized after the reorganization performed by third party. By performing such check, the appellant who recognized that the establishment of the patent right was registered around June in 2011 could have managed the payment of the patent fees and the like for the patent right, and it is highly likely that the lapse of period would not have occurred.

(5) Moreover, the appellant alleges that, although the appellant asked the patent attorney's office to make a list of rights, the list missed information of the patent right

since management data of the patent attorney's office missed the data on the patent right. According to the evidence (Exhibit Ko 2-1, Exhibits Ko2-2-6, 7), it is found that, in association with a change in a corporate status of a company in which the appellant served as representative director (hereinafter, referred to as the "company") from a limited company to a stock company in May of 2014, in order to reorganize the patent/utility model applications and registration cases by the name of the appellant and by the name of the company, the appellant asked the patent attorney's office to make the list of the aforementioned applications and registration cases around June 10 of the year, and the list delivered by the patent office to the appellant did not have the description of the patent right around the same date. Even if the request to prepare the list was made for the purpose of supplementing insufficient management for the management of the payment deadline of the patent fees of the patent right by the name of the appellant by the patent related wrapper, the appellant who is the patentee can freely select at his own discretion whether the appellant himself performs, orders an employee in an employment relationship to perform, or entrusts a third party to perform confirmation of the existence and the contents of the patent right by the name of the appellant and can select the third party if he wishes. Thus, even though the existence of the patent right could be recognized easily by, for example, referring to Patent Information Platform at the third party (the patent attorney's office) entrusted at his own discretion, the appellant did not make such confirmation and could not grasp the existence of the patent right, which should be considered as circumstances on the side of the patentee.

(6) Furthermore, the appellant alleges that a notification relating to the payment of the patent fee of the patent right from the patent attorney's office did not reach him, but the appellant managed the payment deadline of the patent fees for the patent right by the name of the appellant in the patent related wrapper, and such a fact is not found that the appellant entrusted delivery of the notification relating to the payment of the patent fees for the patent right with the patent attorney's office for the purpose of management of the payment deadline of the patent fees for the patent right by the name of the appellant and thus, the fact that the notification relating to the payment of the patent fees for the patent right from the patent attorney's office did not reach him cannot be made a ground for the lapse of period even if generally required due care is taken on the side of the appellant.

(7) All things above considered, since the lapse of the period is not applicable to the case where the patent fees and the like could not be paid within the late payment period due to objective circumstances found to be unavoidable even with due care generally

required for the appellant who is the original patentee, there are no "legitimate reasons."

2. Determination on supplementary allegation of appellant in this court

(1) The appellant alleges that if it is interpreted that generally required due care by the existence of Patent Information Platform was not taken, lapse of period of the right on which information is provided on Patent Information Platform has no room for restoration and thus, the gist of relaxation of the requirements approving remedy pursuant to Article 112-2, paragraph (1) of the Act by revision by 2011 Law No. 63 is violated.

However, as found and instructed by the judgment in prior instance cited after correction as the aforementioned 1, non-existence of "legitimate reasons" for the lapse of period is not grounded only on the existence of the Patent Information Platform and thus, the allegation of the appellant is not grounded.

(2) The appellant alleges that a third party is treated by the remedy by revision of Article 112-2, paragraph (1) by 2011 Law No. 63 and thus, the remedy should be allowed for those found to have an ordinary intention to maintain a right within a range of a certain limit on a period including those "who carelessly forget," except those who do not claim for a remedy until a benefit by a patent is gained so as to evade the law.

However, as found and instructed by the judgment in prior instance cited after correction as in the aforementioned 1, in the aforementioned revision, the Patent Law Treaty admitted selection of either one of "Due Care (so-called 'due care') was taken" and "Unintentional (so-called 'not intentional')" as requirement for granting remedy in the case of lapse of the procedure period, but the "Due Care (so-called 'due care') was taken, not the "Unintentional," was employed as a requirement while supervising load of a third party is taken into consideration. Thus, the allegation of the appellant does not follow the developments of the revision and shall not be employed.

(3) Even when the other circumstances alleged by the appellant are considered, the conclusion that there are no "legitimate reasons" for the lapse of period is not affected.

IV. Conclusion

According to the above, the conclusion of the judgment in prior instance which dismissed the request of the appellant is reasonable, and since the appeal is not grounded, this is dismissed, and judgment is rendered as the main text.

Intellectual Property High Court, Second Division

Presiding Judge	MORI Yoshiyuki
Judge	MORIOKA Ayako
Judge	FURUSHO Ken

(attached note omitted)