

Patent Right	Date	June 7, 2019	Court	Intellectual Property High Court, Grand Panel
	Case number	2018(Ne)10063		

- A case in which the court has determined that in principal an amount of profit earned by an infringer due to an infringing act as provided in Article 102, paragraph (2) of the Patent Act is a total amount of profit earned by the infringer, and a presumption under the paragraph covers such a total amount of profit.

- A case in which the court has determined that an amount of profit earned by an infringer due to an infringing act of Article 102, paragraph (2) of the Patent Act is an amount of marginal profit in which only an additional cost that was necessary and directly related to manufacture and sales of infringing products by an infringer is deducted from sales figures of the infringing products, and the burden of proof is on a patentee's side.

- A case in which, with regards to the rebuttal to the presumption under the provision of Article 102, paragraph (2) of the Patent Act, the court has determined that it is an infringer who should bear the burden of proving circumstances hindering a legally sufficient cause between the infringer's profit and the patentee's damages, similar to Article 102, paragraph (1) of the Patent Act. The court also held that circumstances rebutting the presumption of Article 102, paragraph (2) may include, for example, [i] a difference between patentee's business and infringer's business (non-identity of the market); [ii] the presence of competing products in the market; [iii] marketing efforts of infringer (branding, advertisement); and [iv] performance of infringing products (features other than patent invention including function and design)

- A case in which the court has determined that the main principle in calculating damages under the provision of this paragraph should be on a sales figure basis of infringing products by multiplying the sales figure by a royalty rate to be paid for the implementation.

- A case in which the court has ruled that a royalty rate to be paid for the implementation of a patent which constitutes a basis for calculating damages under the provision of Article 102, paragraph (3) of the Patent Act should be determined as a reasonable royalty rate by comprehensively taking into account the following circumstances appearing in a lawsuit: [i] a royalty rate set in the actual license agreement for the patent, or if it is indefinite, an average royalty rate in the industry; [ii] the value of the patent; i.e., the technical content or significance of the patent invention, and the substitutability with alternative technology; [iii] contributions of the patent to sales and profits and a manner of infringement; and [iv] a competitive relationship between patentee and infringer as well as a business policy of the patentee.

Case type: Injunction, etc.

Result: Appeal dismissed

References: Article 102, paragraphs (2), (3) of the Patent Act, Article 709 of Civil Code

Number of related rights, etc.: Patent No. 4659980, Patent No. 4912492

Summary of the Judgment

1. This is a case in which the Appellee who owns two patent rights (Patents) concerning

an invention entitled "Carbon Dioxide-Containing Viscous Composition" sought compensation for damages and the payment for delinquent charge on the basis of a tortious act of patent right infringement against the Appellant, alleging that the carbonate pack cosmetics (Defendant's Products) produced and sold by the Appellant fall within a technical scope of the invention according to the above patent rights.

The issues are whether or not Defendant's Products fall within a technical scope of Patents; validity of Patents; and an amount of damages. Since the judgment in prior instance acknowledged a part of a claim for compensation for damages against the Appellant, the Appellant has appealed and challenged it.

2. The court decision has ruled, as set forth, below and dismissed the appeal by the Appellant with respect to the amount of damages on the Appellee, alleging that Defendants' Products fall within the technical scope of the patent invention and it did not recognize that there is any reason for the invalidation of the patents.

(1) Amount of profit earned by an infringer due to an infringing act as provided in Article 102, paragraph (2) of the Patent Act

A. In principle, an amount of profit earned by an infringer due to an infringing act as provided in Article 102, paragraph (2) of the Patent Act is a total amount of profit earned by an infringer and a presumption under the paragraph covers such a total amount of profit.

An amount of profit earned by an infringer due to an infringing act as provided for in Article 102, paragraph (2) of the Patent Act should be construed as an amount of "marginal profit" in which only an additional cost that was necessary and directly related with the manufacture and sales of infringing products by an infringer is deducted from the sales figures of infringing products by an infringer, and the burden of proof is on a patentee's side.

For example, the raw material costs, purchase costs and shipping costs for infringing products correspond to additional expenses that were necessary and directly related with the manufacture and sales of infringing products. In contrast, for example, an employment cost in a management section, as well as traveling and communication costs do not correspond to additional expenses.

B. In this case, the court recognized that among a variety of costs alleged by Appellant, a part of experiment and research costs, promotion and advertising costs were necessary and directly related with the manufacture and sales of Defendants' Products, and thus these costs are deductible. However, the court held that there is no evidence that the remaining costs were considered as additional expenses on the part of Defendants' Products, and thus they are non-deductible.

(2) Ground for rebuttal to presumption under Article 102, paragraph (2) of the Patent Act

A. It is construed that an infringer should bear the burden of proving circumstances which rebut the presumption under Article 102 paragraph (2) of the Patent Act by hindering a legally sufficient cause between the infringer's profit and the patentee's damages, similar to Article 102, paragraph (1) of the Patent Act. For example, the following circumstances may be considered as the rebuttal to presumption under Article 102, paragraph (2) of the Patent Act, similar to the circumstances of the proviso to Article 102, paragraph (1) of the Patent Act: [i] a difference between patentee's business and infringer's business (non-identity of the market); [ii] the presence of competing products in the market; [iii] marketing efforts of infringer (branding, advertisement); and [iv] performance of infringing products (features other than patent invention including function and design). Further, even in a case where a patent invention is implemented for only a part of the infringing products, these facts may be taken into consideration as the rebuttal to presumption. However, mere fact that the patent invention is implemented for only a part of the infringing products doesn't directly lead to the rebuttal of the presumption. It is necessary to comprehensively take into account the circumstances such as the importance of a part of an infringing product where the patent invention is implemented and the appealing power of the patent invention for customers.

B. It is construed that a competing product should compete with the infringing products in the market. Further, should there be circumstances where an infringing product causes effects superior to the products of patentee or an infringing product is an implemented product of the other patent invention, it would not directly lead to the rebuttal to presumption. There should be circumstances where the superior effects and the implementation of the other patent invention contribute to the sales of the infringing product.

In this case, in the facts for the rebuttal to the presumption, none of the presence of competing products, business efforts by the Appellant, and the particularly significant performance of Defendants' Products is recognized, nor is there recognized a fact that Defendants' Products are the implemented products of the patent invention by one person of the Appellant, let alone circumstances where such a fact contributes to the sales of the infringing products. Further, the remaining facts for the rebuttal to presumption by the allegations of the Appellant have nothing to do with the damage on the Appellee, and thus are not material facts for the rebuttal to the presumption. Therefore, the presumption under Article 102, paragraph (2) of the Patent Act has not

been rebutted.

(3) Amount to be paid under the provision of Article 102, paragraph (3) of the Patent Act

A. Article 102, paragraph (3) of the Patent Act statutorily specifies a minimal amount of damage that a patentee can claim against a patent right infringement.

The main principle in calculating damages under the provision of this paragraph should be on a sales figure basis of infringing products by multiplying the sales figure by a royalty rate to be paid for the implementation.

B. Regarding "an amount corresponding to an amount to be paid for the implementation of the patent invention" as provided in Article 102, paragraph (3) of the Patent Act, the paragraph stipulated before the amendment by 1998 Law No. 51 that "an amount corresponding to an amount to be paid usually for the implementation of the patent invention,". However, after receiving the opinion that the phrase "an amount to be paid usually" might result in benefitting infringement, the word "usually" was deleted by the amendment.

In a license agreement of the patent invention, a royalty rate is determined in advance in a situation where it is usual to be subjected to various contractual restrictions, e.g. a licensee is required to pay a minimum guarantee in a situation where there is uncertainty as to whether or not the licensee's product might fall within a technical scope of the patent invention or whether or not the patent should be invalidated, and it is impossible to seek a refund of the paid royalty fee even if the patent should be invalidated. On the other hand, there is no such contractual restrictions in a case where court confirms the validity of the patent and finds patent infringement. Additionally, in view of the aforementioned history of the amendment of the Patent Act, in calculating damages on the basis of the Article 102, paragraph (3), there is no necessity to determine a royalty rate based on normal rate in the license agreement for the patent right. A royalty rate to be paid for the implementation would inevitably become a higher one compared to a normal royalty rate as determined post facto for a person who infringed a patent right.

Therefore, in a infringement lawsuit, a royalty rate to be paid for the implementation should be determined as reasonable by comprehensively taking into account the following circumstances appearing in a lawsuit: [i] a royalty rate set in the actual license agreement for the patent, or if it is indefinite, an average royalty rate in the industry; [ii] the value of the patent; i.e., the technical content or significance of the patent invention, and the substitutability with alternative technology; [iii] contributions of the patent to sales and profits and a manner of infringement; and [iv] a competitive

relationship between patentee and infringer as well as a business policy of the patentee.

C. In this case, it is reasonable to find that a royalty rate which is determined post facto for a person who infringed a patent right as remuneration for the implementation of Patents, would not fall below 10% by taking into account the following circumstances appearing in a lawsuit: [i] Although the royalty rate of the actual license agreement of Patents is not presented in this lawsuit, an average royalty rate in recent statistics of a technical field to which Patents pertain is 5.3% in a result of questionnaire for domestic businesses, and 6.1% in the determination by judgements of courts, and there is a case where a settlement money was found to be 10% of sales figure with regards to the infringement of Appellee's patent which is in the same field; [ii] Patents have considerable importance, and no alternative technology is present; [iii] the implementation of Patents contributes to the sales and profits of the Defendants' Products; and [iv] the Appellee and the Appellant have a competitive relationship.

Judgment rendered on June 7, 2019

2018 (Ne) 10063 Appeal case of seeking injunction against patent infringement (court of Prior Instance: Osaka District Court, 2015 (Wa) 4292)

Date of conclusion of oral argument: April 24, 2019

Judgment

Appellant: NeoChemir inc.

(Hereinafter referred to as "Appellant NeoChemir")

Appellant's representative Attorney at Law TAKAHASHI Jun

Appellant: COSMEPRO CO., LTD.

(Hereinafter referred to as "Appellant Cosmepro")

Appellant: Airica

(Hereinafter referred to as "Appellant Airica")

Appellant Chiara Macchiato

(Hereinafter also referred to as "Appellant Chiara Macchiato")

Appellant: Wingsense Co., Ltd.

(Hereinafter referred to as "Appellant Wingsense")

Appellant: Cosme Bose

(Hereinafter referred to as "Appellant Cosme Bose")

Appellant: Clear noir

(Hereinafter referred to as "Appellant Clear noir")

A litigation representative of the above 6 parties, Attorney at Law

MATSUMOTO Norio

Appellee: Medion Research Laboratories Inc.

Appellee's representative Attorney at Law YAMADA Iichiro

Appellee's representative Attorney at Law MATSUMOTO Kyoko

Appellee's representative Attorney at Law SHIBATA Kazuhiko

Appellee's representative patent attorney MIZUTANI Keiya

Assistant in court, patent attorney TANAKA Junya

Assistant in court, patent attorney SAKODA Kyoko

Main text

1. The entirety of the appeal shall be dismissed.
2. The costs in connection with the trial shall be borne by Appellants.
3. A part directed to the Appellants in the main text of the judgment in prior instance Nos. 1 to 5, 8 to 10, 12 to 18, 21 to 23, 25 and 26 ceases to be effective due to withdrawal of the action by the Appellee.

Facts and reasons

No. 1 Gist of the Appeal

1. A part where the Appellants were defeated in the judgment in prior instance shall be rescinded.

2. All of the Appellee's claims according to the above rescinded part shall be dismissed.

No. 2 Outline of the case (abbreviated names are in accordance with those of the judgment in prior instance, unless otherwise specified.)

1. This case is a case in which the Appellee, who owns two patent rights according to the invention titled "carbon dioxide-containing viscous composition" (Patent No. 4659980 and Patent No. 4912492; hereinafter called Patent right 1 and Patent right 2) sought an injunction of the production and sales of the respective Defendant's products and granules under the provision of Article 100, paragraph (1) of the Patent Act against Appellant, and demanded the disposal of the respective Defendant's products and granules under the provision of Article 100, paragraph (2) of the Patent Act and, as per the attachment "List of Claims", and claimed a compensation for damage from the date of patent registration to the date described in each items on the grounds of tortious acts and claimed for the payment of any default

charges for the compensation in a proportion of 5 percent per year prescribed in the Civil Code for a period from the date of patent registration to the date described in each item, alleging that: [i] carbonate pack cosmetics described in the attachment of the judgment in prior instance "List of Defendants' products", which have been produced and sold by the Appellant, fall within the technical scopes of the inventions according to the above respective patent rights (each Invention), and the acts of production and sales thereof correspond to direct infringing acts of the above respective patent rights; and [ii] the act of Appellant NeoChemir's production and sales of granules to be used for a part of the respective Defendants' products corresponds to an indirect infringing act of the above respective patent rights (Article 101, item (i) or item (ii) of the Patent Act).

2. The judgment in prior instance accepted an Appellee's claim for injunctive relief and disposal against the Appellants and accepted a part of a claim for compensation for damage against the Appellants, and dismissed the remaining claims. In response, Appellants have appealed.

Appellee has withdrawn a claim for injunctive relief and disposal against Appellants in this proceeding, and amended the day on which the computation of delinquent charge began for a claim for compensation for damage against a part of Appellants (restriction to a claim), and Appellants have agreed with this. Further, Appellee has amended the day on which the computation of delinquent charge began as a final date of tortious act by a part of Appellants (expansion to a claim) (a claim after amendment is as per described in items 7, 12, 14 and 17 of the attachment "List of Claims" (a claim after amendment in this proceeding).).

3. Facts used as premise

The facts used as premise are as per described in No. 2-2 of the judgment in prior instance "Facts and reasons" (the judgment in prior instance, page 4, line 7 to page 10, line 26), except for the addition of "(hereinafter the filing date on the basis of which priority of the respective patents is claimed is referred to as 'the priority date'.)" at the end of page 6, line 16 of the judgment in prior instance, and thus it is incorporated herein by reference.

4. Issues and Allegation of the Issues by the Parties

Except for the issues and allegations of the issues from the parties are corrected as in the following, and except that the supplemental argument in this proceeding is added as in the item 5 below, the judgment in prior instance "Facts and reasons" No. 2-3 and No. 3 (Judgment in the prior instance, page 11, line 1 to page 57, line 18) shall apply as is. Thus it is incorporated herein by reference.

(1) Each usage of "main reference" of the judgment in prior instance, page 11, line 11 and line 13, page 24, line 19, page 33, line 22 shall be replaced with "main cited reference".

(2) "Main cited invention" of the judgment in prior instance, page 35, lines 5 to 6 shall be replaced with "main cited reference".

(3) "(A)" of page 51, line 13 of the judgment in prior instance shall be deleted.

(4) The description of the top of page 51, line 26 to the end of page 52, line 14 shall be deleted.

(5) Add as below with a carriage return to the end of page 52, line 26 of the judgment in prior instance:

"Partial adiposeness improving effects reduce fat for a part of body. The sales of carbonate pack cosmetics for the partial dissolution of adiposeness violate the law and regulation such as Pharmaceutical Affairs Law. Thus it is hardly believed that cosmetics manufacturers produce and sell such illegal products.

The respective Defendants' products have an effect of early recovery of muscle fatigue and a muscle promoting effect due to the discharge of oxygen associated with transdermal absorption of carbonate gas. This effect causes a facial contour slimming effect. This is different from the partial adiposeness improvement that reduces facial fat. Consumers would not purchase carbonate pack cosmetics for the purpose of partially solving adiposeness. Further, Appellants do not promote partial adiposeness improving effects through transdermal absorption of carbon dioxide in the form of bubbles, nor do they make it a differentiating factor. Thus the partial adiposeness improving effects of the respective inventions do not at all contribute to the sales of the respective Defendants' products."

5. Supplemental argument in this proceeding

(1) Issue 1-1 (whether the respective Defendants' products fall within the technical scopes of the respective inventions (Constituent features 1-1C and 2-1C))

[Appellee's allegation]

The technical meaning of the constituent element of "capable of retaining carbon dioxide in the form of bubbles" lies in suppressing the diffusion of generated carbon dioxide into air to retain carbon dioxide in the form of bubbles in an aqueous viscous composition. Therefore, Constituent features 1-1C and 2-1C are satisfied as long as an aqueous viscous composition has a viscosity to the extent that can retain carbon dioxide in the form of bubbles for a certain period of time.

[Appellants' allegation]

The respective descriptions disclose that the respective inventions cause alleged

effects in the descriptions such as the prevention of various diseases and the improvement of cosmetic problems by improving transdermal absorption efficiency of carbon dioxide. Thus "capable of retaining carbon dioxide in the form of bubbles" of the constituent features 1-1C and 2-1C means that carbon dioxide is retained in the form of bubbles to the extent that causes various alleged effects in the descriptions such as the prevention of various diseases and the improvement of cosmetic problems via the improvement of the transdermal absorption of carbon dioxide.

In the respective Defendants' products, there is no evidence to show that carbon dioxide is retained in the form of bubbles to the extent that uses the above various effects via the improvement of the transdermal absorption of carbon dioxide. Thus it cannot be said that the respective Defendants' products fall within the technical scopes of the respective inventions.

(2) Issue 1-2 (Whether the respective Defendants' products fall within the technical scopes of the respective inventions, and whether or not they constitute an indirect infringement (the sufficiency of Constituent feature 1-1A, etc.))

[Appellee's allegation]

The respective Defendants' products satisfy Constituent features 1-4A and 1-5A.

In the prior instance, Appellant NeoChemir alleges that, with regard to the respective Defendants' products, [i] a gel contains 2 weight% or more of sodium alginate, and [ii] a gel contains 87 weight% or more of water, and Appellants other than Appellant NeoChemir (hereinafter referred to as "Appellant Cosmepro et al.") also fail to present positive counterargument or counter evidence with regard to the sufficiency of Constituent features 1-4A and 1-5A. Thus the admission or deemed admission is established.

[Appellants' allegation]

The respective Defendants' products only contain less than 87 weight% water in an aqueous viscous composition. Thus it does not satisfy Constituent feature 1-5A. Further, the respective Defendants' products other than the Defendant's products 5, 8 and 15 only contain less than 2 weight% sodium alginate in an aqueous viscous composition. Thus it does not satisfy Constituent feature 1-4A.

The allegation of the constitution of the respective Defendants' products by Appellant NeoChemir in the prior instance is incorrect.

(3) Issue 2 (Whether the respective Defendants' products cause the functions and effects of the respective inventions)

[Appellants' allegation]

According to the experimental results of Exhibit Otsu A3, there is no significant

difference in an amount of transdermal absorption (sustainability) of carbon dioxide 30 minutes after the completion of stirring operation between a kit comprising an aqueous viscous composition which dissolves sodium alginate into water in advance and a kit comprising an aqueous viscous composition which does not dissolve sodium alginate into water in advance. A normal use time of the respective Defendants' products is 30 minutes. Thus, as long as the use time of the respective Defendants' products serves as a standard, there seems to be no significant difference between the above two kit compositions in an amount of transdermal absorption of carbon dioxide (sustainability).

It is obvious from this that the respective Defendants' products do not cause effects peculiar to the respective inventions.

[Appellee's allegation]

The function and effect of the respective inventions is to cause carbon dioxide to be contained in a composition as bubbles, and the carbon dioxide to be retained in the form of bubbles, and to be released in a sustained manner so as to supply carbon dioxide to a subcutaneous tissue in a sustained manner. It is obvious that the respective Defendants' products cause such function and effect.

The experimental result of Exhibit Otsu A3 is irrelevant to a problem as to whether the respective Defendants' products cause function and effect of the respective inventions.

(4)Issue 3-4 (lack of inventive step over a main cited reference of Example 9 of Kanebo's publication (Kanebo example invention))

[Appellants' allegation]

A. Problem to be solved by the Invention

The dissolution rate of sodium alginate is slow, whereas a rate of generating carbon dioxide in the form of bubbles by the reaction of a carbonate and an acid is very fast. Therefore, carbon dioxide in the form of bubbles generated before exerting bubble stabilizing effects and trapping effects of sodium alginate collapses or diffuses in the Kanebo example invention. Therefore, a person ordinarily skilled in the art would recognize that the Kanebo example invention has a problem of "further improved sustainability of bubbles".

Further, it is necessary to rapidly dissolve sodium alginate in order to solve this problem. As one cause that prevents rapid dissolution of sodium alginate, there is a problem of forming lumps of sodium alginate. Regarding the prevention or solution of forming lumps of sodium alginate, Japanese Unexamined Patent Application Publication No. 1986-252231 (Exhibit Otsu A199) discloses a method of coating

powders as means for the prevention of forming lumps; however, the document discloses that such a method is not a substantial solution, but has a problem of viscosity variation.

B. Whether the different feature was easily conceivable

(A) According to the description of the sustainability of bubbles in the Kanebo publication ("stable bubbles are formed by viscosity to promote the retaining ability of carbonate gas (page 1, right column, line 11 and below)), the Kanebo publication suggests that the gas retaining ability is improved as a result of preventing the diffusion of carbonate gas into air by uniformly imparting viscosity in an earlier stage to an aqueous solution.

Consequently, a person ordinarily skilled in the art who read the Kanebo publication would be strongly motivated to take the common general knowledge of the trapping effects of sodium alginate into account, for a purpose of uniformly imparting viscosity in an earlier stage to an aqueous solution, preliminarily dissolving a second agent comprising sodium alginate insoluble or hard to be dissolved or hardly soluble to an acidic aqueous solution with water to modify the constitution with "an aqueous viscous composition comprising carbonate and sodium alginate", and to make an acid of the first agent a solid type.

(B) In a case of aiming to cause two components such as an acid and a base (Component A and Component B) to react in the presence of water and a thickener, it is necessary to avoid the contact of Component A, Component B, and water for avoiding the reaction before the mixture when in use. Such a configuration is realized by four combinations: [i] Component A, Component B+water+thickener; [ii] A composite of Component A and Component B, water+thickener; [iii] Component A+water+thickener, Component B; and [iv] A composite of Component A+Component B+thickener, water. Further, sodium alginate is used as a thickener, and in a case of cosmetics that generate carbon dioxide when in use, a person ordinarily skilled in the art would fundamentally not use a constitution other than the constitution [iii] with a first agent of a gel and a second agent of powders.

Consequently, there is a strong motivation to change an agent including "a carbonate and a water soluble polymer of sodium alginate" in the Kanebo example invention into "an aqueous viscous composition comprising a carbonate and sodium alginate", and use a solid acid.

(C) A combination of a gel and powders is a commonly used art in general cosmetics or cosmetics to apply to a skin for cosmetic purpose (Exhibit Otsu A103, 141 to 143, 146, 148 to 150). Thus it is easy without any particular motivation to

apply this to the Kanebo example invention. This is because a person ordinarily skilled in the art who read prior art generally tries to apply commonly used art from a viewpoint of the enrichment of technology and a motivation to seek for a better technique.

[Appellee's allegation]

A. The Kanebo publication shows that the Kanebo example invention has excellent stability over the days by use of a two-pack type, and the retaining ability of carbonate gas may be promoted by gradually generating carbonate gas bubbles and producing stable bubbles by the viscosity of sodium alginate during the mixture when in use with a first agent of citric acid aqueous solution and a second agent of sodium alginate and sodium hydrogen carbonate covered with polyethyleneglycol that is solid at a room temperature.

Consequently, a person ordinarily skilled in the art would not recognize that the Kanebo example invention has a problem of "further improved sustainability of bubbles" or a problem of forming lumps as Appellants allege.

B. Appellants allege on the grounds of Exhibit Otsu A199 that a covering with polyethyleneglycol may not overcome a problem of forming lumps when dissolving sodium alginate into water; however, the Kanebo publication fails to describe the occurrence of a problem such as the inhibition of properties of sodium alginate by covering sodium alginate with polyethyleneglycol or the variation in viscosity of a viscous fluid, as described in Exhibit Otsu A199. Therefore, it cannot be recognized that the Kanebo example invention has a problem of forming lumps when dissolving sodium alginate with water.

(5)Issue 3-5 (lack of inventive step over a main cited reference of Comparative Example 2 of the Kanebo publication (Kanebo comparative example invention))

[Appellants' allegation]

The Kanebo comparative example invention has a problem of "having significantly poor gas retaining ability". The cause is a rapid generation of carbonate gas by the reaction of an aqueous solution including an acid with a solid including a carbonate, which results in the collapse of bubbles of, or the diffusion into air of generated carbon dioxide before exhibiting the effects of trapping bubbles of carbon dioxide due to the viscosity of sodium alginate dissolved into water.

Further, if the Kanebo example invention described in the Kanebo publication should be adopted for solving this problem, the Kanebo example invention has a problem of "further improved sustainability of bubbles", as per the aforesaid (4) [Appellants' allegation]. Therefore, a person ordinarily skilled in the art would

recognize that a problem of "significantly poor gas retaining ability" in the Kanebo comparative example invention would not be completely solved even if the configuration of the Kanebo example invention should be adopted.

If the constitution of adding sodium alginate to an aqueous solution should be preliminarily adopted, without covering a solid comprising a carbonate with polyethyleneglycol, carbon dioxide bubbles are trapped due to the viscosity of sodium alginate before carbon dioxide bubbles collapse and diffuse into air. Therefore, a person ordinarily skilled in the art could have easily conceived of applying a combination of a gel and powders as commonly used art for solving the above problem of the Kanebo comparative example invention, taking into account the description of "stable bubbles are formed by viscosity" of the Kanebo publication and the fact that an aqueous solution in which hardly-soluble sodium alginate is preliminarily added to water is commonly used in the field of pharmaceuticals for uniformly imparting viscosity to the aqueous solution.

[Appellee's allegation]

Regarding the problem of significantly poor gas retaining ability in the Kanebo comparative example invention, the Kanebo publication discloses a method for selecting an on-demand mixture dosage form with a first agent of aqueous solution obtained by dissolving citric acid into water and a second agent of a solid in which sodium alginate and sodium hydrogen carbonate are covered with polyethyleneglycol as a means for solution. Thus a person ordinarily skilled in the art would not recognize that the problem had not yet been completely solved even by this.

(6)Issue 6-1 (Appellee's amount of damage - Article 102, paragraph (2) of the Patent Act)

[Appellee's allegation]

A. Contribution to the respective inventions in the respective Defendants' products

(A) Formulation of butyleneglycol

The judgment in prior instance determined on the basis of the experimental results of Exhibit Otsu A3 that a contribution of the implementation of the respective inventions is limited when formulating butyleneglycol. This is unreasonable.

The experiment of Exhibit Otsu A3 was conducted through an improper experimental method, and inconsistent with the other experiment (Exhibit Otsu A4), and thus is not reliable. Further, the experimental results of Exhibit Otsu A11 do not corroborate the reliability of the experiment of Exhibit Otsu A3. Furthermore, butyleneglycol mixed into the respective Defendants' products is mixed as a moisturizing agent. Thus it does not affect the amount of transdermal absorption of

carbon dioxide.

The experiment of Exhibit Otsu A3 compares the sample of Example 44 of the respective inventions with a sample in which Example 44 of the respective inventions is modified. It is not true that a product with a same configuration as the latter has been sold in the market. Thus a result of the comparison between the two samples has nothing to do with buying motive of consumers for the respective Defendants' products.

(B) The sufficiency of Constituent features 1-4A and 1-5A

Should the respective Defendants' products not satisfy Constituent features 1-4A and 1-5A, Constituent features 1-4A and 1-5A are the constituent features according to the dependent claims. Thus they do not affect the contribution of Patent 1 to the respective Defendants' products.

B. Implementation of the other patent invention

(A) It is indefinite as to whether or not the Defendant's product 15 falls within a technical scope of the invention according to the patent owned by Appellant NeoChemir (Patent No. 4756265). Even if Defendant's product 15 should fall within a technical scope of the invention according to the above Patent, it would not affect buying motive of consumers.

Specifically, a unique function and effect of the respective inventions is to supply more carbon dioxide to subcutaneous tissues in a sustained manner by preliminarily dissolving sodium alginate into water. It is of great significance that a function and effect of the respective inventions are caused in the respective Defendants' products. Also in the promotion and advertisement of the respective Defendants' products, what is highlighted is to realize the improvement on a problem of skin treatment and improved effects of partial adiposeness.

In contrast, the feature of the invention according to the above Appellant NeoChemir's patent "lies in providing a method for peeling and removing a carbon dioxide external preparation, the method comprising the step of coating on a surface of the carbon dioxide external preparation after the use of a carbon dioxide external preparation for hardening to facilitate the peeling and removal of the carbon dioxide external preparation, and a divalent cation-containing aqueous solution used therefore". A function and effect of "facilitate the peeling and removal of the carbon dioxide external preparation" is not described with emphasis even in the promotion and advertisement of the Defendant's product 15.

(B) It is hardly believed that the indication of patent number itself can be a fact for the rebuttal to presumption. The grant of working license can indicate patent

numbers of the respective patents. Thus it is obvious that the indication of patent number of Appellant NeoChemir itself does not correspond to the fact for the rebuttal to presumption.

C. Presence of competing products

The function and effect of the respective inventions is to "supply more carbon dioxide to subcutaneous tissues in a sustained manner by preparing a thickener in advance". Therefore, it is of great significance that a function and effect of the respective inventions are caused in the respective Defendants' products. There is a clear difference in customer attraction force between the implemented products of the respective patents and the other products.

Therefore, it is obvious that the presence of carbonate pack cosmetics including a gel in a kit which do not correspond to two-pack type does not correspond to the fact for the rebuttal to presumption.

D. The remaining facts as Appellants allege cannot be facts for the rebuttal to presumption.

[Appellants' allegation]

A. Contribution to the respective inventions in the respective Defendants' products

(A) Formulation of butyleneglycol

The judgment in prior instance determined that the gel of the respective Defendants' products did not include butyleneglycol, whereas the gel of the respective Defendants' products includes butyleneglycol. According to the experimental results of Exhibit Otsu A3, a contribution of the implementation of the respective inventions is limited when formulating butyleneglycol.

(B) The sufficiency of the constituent features 1-4A and 1-5A

As in the aforesaid (2) [Appellants' allegation], the respective Defendants' products do not satisfy Constituent features 1-4A and 1-5A. In this way, the respective Defendants' products do not satisfy the constituent features of the dependent claims of Patent 1. Thus it must be said that the contribution of Patent 1 to the respective Defendants' products was quite limited.

B. Implementation of the other patent invention

(A) Defendant's product 15 includes a gelator (The name in the Defendant's product 15 is "gel solidifier (foam)") in addition to a gel and granules. The gelator is a product that implements an invention according to the Patent (Patent No. 4756265) owned by Appellant NeoChemir. Further, regarding the Defendant's product 15, an introduction page of the product on a website and in a booth exhibition in an exhibition show a step of peeling a gel, and strongly promote and advertise a gelator

as a feature of products.

As aforementioned, the contribution of the above Appellant NeoChemir's patent invention for the Defendant's product 15 is at least 30%, and thus an amount for the compensation for damage should be reduced accordingly.

(B) The implementation of a patent may cause consumers to have some extent of expectation or hope for reliability as a buying motive. Consumers would neither totally understand the content of the patent nor investigate the same kind of patents owned by the other companies.

The respective Defendants' products implemented Appellant NeoChemir's patent, and thus its patent number was indicated in outer cases of the products. Appellant NeoChemir's indication of patent on products impressed consumers that the product was supported by a high-level technique, and caused their buying motive. Appellant NeoChemir's indication of patent number led to purchasing these products. Thus this part should be recognized as the rebuttal to presumption.

C. Presence of competing products

Customers do not seek for two-pack type carbonate pack cosmetics initially including a gel in a kit, but select regardless of dosage form such as one-pack type, two-pack type, cream, spray. Thus a more convenient one for use is highly likely to be selected. In a market of a carbonate pack cosmetics, two-pack type is least inconvenient in the sense that it is necessary to feed two agents into the same container just before the use and mix them for use. Appellee's products and competing products of the respective Defendants' products are generally products related to carbonate pack cosmetics regardless of dosage form.

D. Circumstances after the suspension of sales

In view of "AIDMA's law" in marketing (caption letter of each word of Attention, Interest, Desire, Memory, and Action; consuming activity is allegedly done through these five steps), even in the same product, the number of sales largely differs depending on a combination of 4P (Product, Price, Place, and Promotion) in marketing. Therefore, it is obvious that it cannot be said that the number of sales would all be replaced with the Appellee's product in the absence of the respective Defendants' products. Thus, the determination of the judgment in prior instance estimating a profit according to the respective Defendants' products as an amount of damage of Appellee is erroneous.

Even after Appellants suspended the sales of the respective Defendants' products, distributors who had purchased and sold the respective Defendants' products did not purchase Appellee's products, nor were the respective Defendants' products replaced

with the Appellee's products. From this viewpoint, it is unreasonable to presume that the profit of the respective Defendants' products is lost profits of Appellee.

E. Appellant Cosmepro et al.'s Allegation

As of the registration of Appellant NeoChemir's patent according to carbonate pack cosmetics on August 6, 2008, the above patent was the only patent in our country directed to carbonate pack cosmetics. Thus Appellant Cosmepro et al. who were midsize distributors in the cosmetic business sold the respective Defendants' products by paying a high royalty to Appellant NeoChemir. Thereafter, the respective patents were registered. The inventions according to the respective patents were invented by a representative of Appellant NeoChemir who was previously a coleader of Appellee.

From such history, Appellant NeoChemir and Appellee should have a discussion between them about the coverage or attribution of patents respectively owned. Should Appellant Cosmepro et al. pay damage of the respective patent rights, it would lead to the duplicate payment of royalty. Thus Appellant Cosmepro et al. are victims who are involved with dispute between Appellee and Appellant NeoChemir. Neither intention nor gross negligence is found.

Further, before the registration of the respective patents, Appellant Cosmepro et al. expanded sales of the respective Defendants' products through continued efforts and promotion activity. The respective patents do not at all contribute to the sales expansion of the respective Defendants' products.

In view of such special circumstances of this case, the finding of an amount of compensation by the judgment in prior instance is extremely severe. An amount to be paid by Appellant Cosmepro is reasonably 5% of a sales figure.

(7)Issue 6-2 (Appellee's amount of damage - Article 102, paragraph (3) of the Patent Act)

[Appellee's allegation]

Appellants allege that Appellee is so-called a patent troll who mainly engages in the enforcement of patent rights. Appellee is a legal entity which engages in research, development, production, sales, etc. of pharmaceutical products and cosmetics, etc. Since September 1999, Appellee has been selling two-pack type carbonate pack cosmetics of granules and a gel with the product names of "mediplorer" or "Spaoxygel" and has conducted legitimate enforcement against counterfeit products from Appellants. Thus it cannot be said to be a patent troll. The Appellants' allegation is not reasonable.

Appellants allege that they take a special sales method of MLM. It is indefinite

as to which Appellant utilizes a sales method of MLM. The allegation is not reasonable.

A discussion in the aforesaid (6) [Appellee's allegation] shall apply to the remaining points as Appellants allege.

[Appellants' allegation]

A. In a report on which the judgment in prior instance relied for the calculation of a royalty to be paid for the implementation, a royalty rate according to the domestic questionnaire is 5.3% and a royalty rate in the determination by court is 6.1%. Thus the average is 5.7%. As in the aforesaid finding (6) [Appellants' allegation], butyleneglycol is mixed with a gel of the respective Defendants' products, the respective inventions make a limited contribution, and in view of the fact that the respective Defendants' products are implemented products of the patent invention, the respective inventions make little contribution. According to these circumstances, a royalty rate to be paid for the implementation should fall below 5.7%.

B. Appellee is a so-called a patent troll, the above report is not directed to a case where the patent troll is a patentee. Further, Appellee's business model is to repeat divisional applications, own numerous patents with a characteristic part of "prepare viscous composition in advance" in common, which is commonly used art, and after producers and sellers of two-pack type carbonate gel pack invested certain amount of capital, obtain a high amount of royalty by means of sending a warning letter or filing a suit. To permit such business model is equivalent to forcing producers and sellers of two-pack type carbonate gel pack to get out from a market, which unjustly impedes competition, and thus not reasonable. Therefore, a royalty rate to be paid for the implementation should be reduced as compared to a case of a normal patent infringement lawsuit also in view of promoting competition. The rate would not exceed 3%.

C. The above report is not directed to a person who utilizes a special sales method of MLM. MLM is based on a special human network formed by investing capital, and presumed to be operated at a higher operating cost compared to a company that the above report premises. Thus approximately half the royalty appeared in the above report is appropriate, and the royalty to be paid for implementation does not exceed 3%.

D. In calculating an amount of compensation by Appellant Cosmepro et al., a consideration should be given to the special circumstances of the case, similar to the description of the aforesaid (6) [Appellants' allegation] E.

No. 3 Judgment of this court

1. Whether or not to fall within a technical scope

(1) The recitation of the Claims and the description

A. The scope of claims

(A) The recitation of Claims 1, 4, 5, 7 to 9, 12 and 13 of the scope of the claims of the Patent 1 is set forth as below: The symbol "/" indicates a part of carriage return (the same shall apply hereinafter).

[Claim 1] A kit for obtaining a carbon dioxide-containing viscous composition to be used for cosmetics for the improvement of partial adiposeness or pharmaceutical compositions for the treatment of athlete's foot, atopic dermatitis, or bedsore, consisting of: /1) a combination of an aqueous viscous composition comprising a carbonate and sodium alginate with granules (subtle granules, powders) comprising an acid, or /2) a combination of composite granules (subtle granules, powders) comprising a carbonate and an acid with an aqueous viscous composition comprising sodium alginate, /wherein the aqueous viscous composition is capable of retaining carbon dioxide in the form of bubbles, and the kit is capable of obtaining the carbon dioxide-containing viscous composition comprising the carbon dioxide in the form of bubbles by reacting carbonate and acid in an aqueous viscous composition.

[Claim 4] The kit of any one of Claims 1 to 3, wherein the aqueous viscous composition comprises 2 weight% or more of sodium alginate.

[Claim 5] The kit of any one of Claims 1 to 4, wherein the aqueous viscous composition comprises 87 weight% or more of water.

[Claim 7] A cosmetics for the partial improvement of adiposeness comprising a carbon dioxide-containing viscous composition capable of obtaining the kit of any one of Claims 1 to 5.

[Claim 8] The cosmetics of Claim 7 used for the partial improvement of adiposeness of the face, leg, arm, abdomen, flank, back, neck, or jaw.

[Claim 9] A method for preparing a carbon dioxide-containing viscous composition to be used for cosmetics for the partial improvement of adiposeness or pharmaceutical compositions for the treatment of athlete's foot, atopic dermatitis, or bedsore, by use of /1) an aqueous viscous composition comprising carbonate and sodium alginate, and granules (subtle granules, powders) including an acid; or /2) composite granules (subtle granules, powders) comprising a carbonate and an acid, and an aqueous viscous composition comprising sodium alginate; /Comprising the step of preparing a carbon dioxide-containing aqueous viscous composition comprising the carbon dioxide in the form of bubbles by reacting carbonate and acid in an aqueous viscous composition, /wherein the aqueous viscous composition can

retain the carbon dioxide in the form of bubbles.

[Claim 12] The method of any one of Claims 9 to 11, wherein the aqueous viscous composition comprises 2 weight% or more of sodium alginate.

[Claim 13] The methods of any one of Claims 9 to 12, wherein the aqueous viscous composition comprises 87 weight% or more of water.

(B) The recitation of Claims 1, 4, 5, and 7 of the scope of the claims of the Patent 2 is set forth as below:

[Claim 1] A kit for obtaining a carbon dioxide-containing viscous composition to be used for pharmaceutical compositions or cosmetics, consisting of: /1) a combination of an aqueous viscous composition comprising carbonate and sodium alginate with granules, subtle granules, or powders comprising an acid; /2) a combination of an aqueous viscous composition comprising an acid and sodium alginate with granules, fine grains, or powders comprising a carbonate, or /3) a combination of composite granules, fine grains, or powders comprising a carbonate and an acid with an aqueous viscous composition comprising sodium alginate, /wherein the aqueous viscous composition is capable of retaining carbon dioxide in the form of bubbles, and the kit is capable of obtaining the carbon dioxide-containing viscous composition comprising the carbon dioxide in the form of bubbles by reacting carbonate and acid in an aqueous viscous composition.

[Claim 4] The kit of any one of Claims 1 to 3, wherein the aqueous viscous composition comprises 2 weight% or more of sodium alginate.

[Claim 5] The kit of any one of Claims 1 to 4, wherein the aqueous viscous composition comprises 87 weight% or more of sodium alginate.

[Claim 7] A cosmetics comprising a carbon dioxide-containing viscous composition capable of obtaining the kit of any one of Claims 1 to 5.

B. Inventions 1-1, 1-4, and 1-5 and Invention 2-1 may be divided into the following segments:

(A) Invention 1-1

1-1A. A kit for obtaining a carbon dioxide-containing viscous composition to be used for cosmetics for the improvement of partial adiposeness or pharmaceutical compositions for the treatment of athlete's foot, atopic dermatitis, or bedsore,

1-1B. consisting of:

- 1) a combination of an aqueous viscous composition comprising carbonate and sodium alginate with granules (subtle granules, powders) including an acid; or
- 2) a combination of composite granules (subtle granules, powders) comprising a carbonate and an acid with an aqueous viscous composition comprising sodium

alginate,

1-1C. wherein the aqueous viscous composition is capable of retaining carbon dioxide in the form of bubbles,

1-1D. and the kit is capable of obtaining the carbon dioxide-containing viscous composition comprising the carbon dioxide in the form of bubbles by reacting carbonate and acid in an aqueous viscous composition.

(B) Invention 1-4

1-4A. wherein the aqueous viscous composition comprises 2 weight% or more of sodium alginate.

1-4B. The kit of any one of Claims 1 to 3,

(C) Invention 1-5

1-5A. wherein the aqueous viscous composition comprises 87 weight% or more of water.

1-5B. The kit of any one of Claims 1 to 4.

(D) Invention 2-1

2-1A. A kit for obtaining a carbon dioxide-containing viscous composition to be used for pharmaceutical compositions or cosmetics,

2-1B. consisting of:

1) a combination of an aqueous viscous composition comprising carbonate and sodium alginate with granules, subtle granules, or powders comprising an acid;

2) a combination of an aqueous viscous composition comprising an acid and sodium alginate with granules, subtle granules, or powders comprising a carbonate; or

3) a combination of composite granules, subtle granules, or powders comprising a carbonate and an acid with an aqueous viscous composition comprising sodium alginate,

2-1C. wherein the aqueous viscous composition is capable of retaining carbon dioxide in the form of bubbles,

2-1D. and the kit is capable of obtaining the carbon dioxide-containing viscous composition comprising the carbon dioxide in the form of bubbles by reacting carbonate and acid in an aqueous viscous composition.

C. The description of the respective descriptions

Except for the addition of "A thickener may include a semisynthetic polymer, such semisynthetic polymer may include sodium alginate. ([0020], [0028])" to the end of page 60, line 24 of the judgment in prior instance with the carriage return, the description of the respective descriptions in No. 4-1(1)B (A) of the judgment in prior instance (the judgment in prior instance, page 59, line 6 to page 63, line 8) shall apply.

Thus it is incorporated by reference.

(2) The sufficiency of Constituent features 1-1A and 2-1A (Issue 1 -2)

The determination about the sufficiency of Constituent features 1-1A and 2-1A shall apply as per described in page 75, line 24 to page 77, line 5 of the judgment in prior instance, except that the description from "indefinite" of page 76, line 14 to "," of the same line of the judgment in prior instance is modified with "indefinite,". Thus it is incorporated by reference.

(3) The sufficiency of Constituent features 1-1B and 2-1B (No issue)

There is no issue between parties that the respective Defendants' products satisfy Constituent features 1-1B and 2-1B.

(4) The sufficiency of Constituent features 1-1C and 2-1C (Issue 1-1)

A. The meaning of "capable of retaining carbon dioxide in the form of bubbles" of Constituent features 1-1C and 2-1C

(A) The scope of claims of the respective patents recites that "aqueous viscous composition is capable of retaining carbon dioxide in the form of bubbles" (Constituent features 1-1C and 2-1C), and "obtaining said carbon dioxide-containing viscous composition comprising the carbon dioxide in the form of bubbles by reacting carbonate and acid in an aqueous viscous composition" (Constituent features 1-1D and 2-1D).

It can be seen from these descriptions that the above configuration reacts a carbonate and an acid in an aqueous viscous composition to generate carbon dioxide in the form of bubbles, and the generated carbon dioxide in the form of bubbles may be retained by an aqueous viscous composition; however, it is not construed as showing that the content of carbon dioxide retained in an aqueous viscous composition is limited.

(B) Accordingly, consideration is given to the description of the respective descriptions.

In addition to the description of the respective descriptions as in the aforesaid (1)C, according to the common general knowledge that carbonate gas has a function of blood vessel expansion, and promotes blood flow of skin when directly acting on the skin (it is a matter of common general knowledge before the priority date and the filing date of the respective patents, Exhibits Otsu A102, 105, 111, 114, 115, Exhibits Otsu E all 3, 6), Invention 1-1 and Invention 2-1 are aqueous viscous compositions comprising sodium alginate as one agent of two-pack type kit (a specific combination of the kit is as in Constituent features 1-1B and 2-1B), which causes a carbonate and an acid to react in the aqueous viscous compositions to generate carbon dioxide, retain

carbon dioxide in the form of bubbles in the resultant carbon dioxide-containing viscous composition, apply the obtained composition to skin mucosa or a damaged skin tissue or skin to supply carbon dioxide to subcutaneous tissues in a sustained manner, thereby bringing about the effects for the treatment, prevention, or improvement of athlete's foot, atopic dermatitis, or bedsore as well as the improvement of beautiful skin and partial improvement of adiposeness.

Further, in view of the description that [i] the "aqueous viscous composition" used in the respective descriptions is a composition comprising one or two or more kinds of thickeners dissolved into or swelled by water, an aqueous viscous composition allows carbon dioxide to be retained in the form of bubbles, and in a case of applying on a skin mucosa or a damaged dermal tissue etc., carbon dioxide bubbles can be retained to the extent that can supply a sufficient amount of carbon dioxide to hypodermal tissue. etc. (the Disclosure of the Invention of Description 1 and Description 2, [0017]), and the description that [ii] carbon dioxide-containing viscous composition of the respective inventions comprises 1 to 99 volume%, preferably 5 to 90 volume%, more preferably 10 to 80 volume% of carbon dioxide in the form of bubbles when in use (the disclosure of the Invention of Description 1, and Description 2, [0061]), it can be seen that "capable of retaining carbon dioxide in the form of bubbles" (Constituent features 1-1C and 2-1C) requires the inclusion of carbon dioxide in the form of bubbles when using a carbon dioxide-containing viscous composition obtained from a kit; however, it cannot be seen that the content of carbon dioxide retained in an aqueous viscous composition should be limited to a certain amount or more.

(C) As in the foregoing, an aqueous viscous composition is "capable of retaining carbon dioxide in the form of bubbles" (Constituent features 1-1C and 2-1C). It is reasonable to understand that this means the ability to retain carbon dioxide in the form of bubbles in using carbon dioxide-containing viscous composition obtained from a kit.

B. Sufficiency

It is recognized that carbon dioxide-containing viscous composition obtained from the respective Defendants' products contains/retains carbon dioxide in the form of bubbles in a gel for 20 minutes or more after mixing a gel and granules (Exhibits Ko 25, 26, 42, the overall import of the oral argument) (Although there is no experimental result for the Defendant's product 9, it has the same components as a gel and granules of the Defendant's product 12. Thus its experimental result would be the same as the Defendant's product 12.).

Further, the respective Defendants' products are kits of pack cosmetics for mixing two agents when in use, and from the viewpoint of its properties, a gel and granules are mixed and instantaneously used. Thus it can be said that an aqueous viscous composition of the respective Defendants' products has a configuration capable of retaining carbon dioxide in the form of bubbles when using a carbon dioxide-containing viscous composition obtained from a kit.

Therefore, the respective Defendants' products satisfy Constituent features 1-1C and 2-1C.

C. Appellants' allegation

(A) The meaning of "capable of retaining carbon dioxide in the form of bubbles" of Constituent features 1-1C and 2-1C

a. Appellants allege that it can be seen from the description of the respective description (Description 2, [0004] to [0006], [0017], [0032] and [0066]; Description 1 has the same descriptions in background Art, disclosure of the Invention, and the Best Mode for Carrying Out the Invention) as necessary not to be "0" at least in Evaluation criteria 1 and Evaluation criteria 2 of the respective descriptions to satisfy "capable of retaining carbon dioxide in the form of bubbles".

However, from the description of the respective descriptions as Appellants point out, a part of the description of the evaluation criteria of carbon dioxide-containing viscous composition ([0066] of Description 2 and a similar description in Best Mode for Carrying Out the Invention of Description 1) is only a description of the examples. Even if a reference is made to the description of the aforesaid A(B)[ii] of the respective descriptions, it cannot be construed that the technical scopes of the respective inventions are limited to scopes as Appellants allege. Further, the remaining part as Appellants point out fails to have a description that should be construed as further specifying the language of "capable of retaining carbon dioxide in the form of bubbles" by the content of carbon dioxide. Thus Appellants' allegation of this point is not acceptable.

b. Appellants allege that the technical scopes of the respective inventions should be construed narrowly due to the necessity of the distinction from a well-known technique. (A pack utilizing carbonate gas or bubbling effects of carbonate gas generating substance in a cosmetics for facial treatment. Exhibits Otsu E all 3 to 5.) Taking into consideration the well-known art as Appellants allege as state of the art; however, it does not affect the claim construction of the respective inventions.

c. Appellants allege that the technical scopes of the respective inventions should be construed narrowly for the reason of the prosecution histories of the respective

patents.

Appellee made an amendment to the scope of claims, and submitted a written opinion in the prosecution of the respective patents (regarding prosecution history, the description of the judgment in prior instance No. 4, 1(1)B(B) is cited (the judgment in prior instance, page 63, line 9 to page 68, line 12).)

However, it cannot be seen from the document submitted by Appellee that "retaining carbon dioxide in the form of bubbles" is limited to a case where the content of carbon dioxide in the form of bubbles to be retained is ranked as a certain grade or more in Evaluation criteria 1 and Evaluation criteria 2 of the respective descriptions.

Consequently, it cannot be construed that Appellee objectively represented the limitation to the technical scopes of the respective inventions in the prosecution history of the respective patents. Thus it cannot be said that a narrow construction as Appellants allege should be given for the technical scopes of the respective inventions on the basis of the prosecution history of the respective patents.

d. Furthermore, Appellants allege that the respective descriptions disclose that the respective inventions cause alleged effects in this proceeding such as the prevention of various diseases and the improvement on cosmetic problems by improving transdermal absorption efficiency of carbon dioxide. Thus "capable of retaining carbon dioxide in the form of bubbles" means that carbon dioxide is retained in the form of bubbles to the extent that causes the above effects via the improvement on the transdermal absorption of carbon dioxide. However, the respective descriptions fail to describe as Appellants allege, and thus the allegation is based on an incorrect premise. Further, regarding "capable of retaining carbon dioxide in the form of bubbles", the content of carbon dioxide in the form of bubbles is not specified, as explained in the aforesaid A.

(B) Sufficiency

Appellants allege that an increasing rate of volume one minute after stirring the Defendant's products 1 to 9 and 11 to 17 corresponds to the lowest evaluation ("0") of the evaluation criteria (evaluation criteria 1) of the bubbling property of the respective descriptions, and thus these products do not satisfy Constituent features 1-1C and 2-1C. However, this allegation is not acceptable as explained in the aforesaid A and the above (A).

(5) The sufficiency of Constituent features 1-1D and 2-1D (Issue 1-2)

Besides the above explanation, according to the configuration of the respective Defendants' products and the fact that the respective Defendants' products are kits of

pack cosmetics to be used by mixing a gel comprising sodium hydrogen carbonate, sodium alginate, and water with granules comprising malic acid (No. 2, 2(5)C of the judgment in prior instance cited in aforesaid No. 2, 3), the respective Defendants' products satisfy Constituent features 1-1D and 2-1D.

(6) Summary

As described above, the respective Defendants' products can at least fall within technical scopes of Invention 1-1 and Invention 2-1.

2. Argument of function and effect not caused (Issue 2)

(1) Function and effect

Invention 1-1 and Invention 2-1 are aqueous viscous compositions comprising sodium alginate as one agent of two-pack type kit, which causes a carbonate and an acid to react in the aqueous viscous compositions to generate carbon dioxide, retain carbon dioxide in the form of bubbles in the resultant carbon dioxide-containing viscous composition, apply the obtained composition to skin mucosa or a damaged skin tissue or a skin to supply carbon dioxide to subcutaneous tissues in a sustained manner, thereby bringing the effects for the treatment, prevention, or improvement of athlete's foot, atopic dermatitis, or bed sore as well as the improvement of beautiful skin and partial improvement of adiposeness. As in the aforesaid finding 1(4)B, carbon dioxide-containing viscous composition obtained from the respective Defendants' products retains carbon dioxide in the form of bubbles. Thus it can be said that the function and effect of the respective inventions would be caused.

(2) Appellants' allegation

Appellants allege that the respective inventions transdermally absorb carbon dioxide of a carbon dioxide-containing viscous composition as is, and thus they are fundamentally different from the technical idea of the respective Defendants' products. It is indefinite, however, as to whether the respective inventions might transdermally absorb carbon dioxide of a carbon dioxide-containing viscous composition as is, and the function and effect of the respective inventions are as in the above findings (1). Thus it is not negated that the respective Defendants' products fall within the technical scopes of Invention 1-1 and Invention 2-1.

Further, Appellants point out that granules of the respective Defendants' products comprise lactose having effects of suppressing the generation of carbon dioxide in the form of bubbles. Even if lactose should have an effect of suppressing the generation of carbon dioxide in the form of bubbles, however, a composition obtained from the respective Defendants' products would retain carbon dioxide in the form of bubbles, as in the aforesaid findings 1(4)B. Thus the Appellants' point does not affect the

determination of the above (1).

Furthermore, Appellants allege that, according to the experimental result of Exhibit Otsu A3, the respective Defendants' products failed to cause function and effect of the respective inventions since there is no significant difference in an amount of transdermal absorption (sustainability) of carbon dioxide between the respective Defendants' products in which sodium alginate was preliminarily dissolved into water to prepare an aqueous viscous composition and the constitution in which sodium alginate was not preliminarily dissolved into water. In view of the explanation of the aforesaid 1 and the above (1), however, it must be said that the respective Defendants' products cause the function and effect of the respective inventions, and the experimental result of Exhibit Otsu A3 has nothing to do with this.

3. Invalidity Defense

(1) Incompletion of Invention (Issue 3-1)

Regarding the incompletion of the invention (Issue 3-1), it is as per described in the judgment in prior instance, "Facts and reasons", No. 4-4 (the judgment in prior instance, page 80, line 4 to page 84, line 15) except the following correction. Thus it is incorporated by reference.

A. The description of the top of page 80, line 5 to the end of page 81, line 23 shall be replaced as set forth below.

"(1) Incompletion of the Invention

The Invention is a creative idea of a certain technique on the basis of the utilization of law of nature, and the created technique should be embodied and externalized to the extent that allows anyone who has a common knowledge and experience in the technical field to repeatedly implement the technique to achieve the expected technical effects. Thus if the technique is not configured as such an extent, such technique is incomplete as an invention (see Supreme Court ruling of the third Petty Bench on January 28, 1969, 1964 (Gyo-Tsu) 92, Collection of Civil cases, Vol. 23, No. 1, page 54).

Further, as in the aforesaid 1(1)C, the respective descriptions describe a specific method of producing a carbon dioxide-containing viscous composition according to Invention 1-1 and Invention 2-1, and the effects are also described together with the test examples. In view of these descriptions, the technical contents of Invention 1-1 and Invention 2-1 are embodied and externalized to the extent that allows a person ordinarily skilled in the art to repeatedly implement these inventions to achieve the expected effects. Therefore, it cannot be said that Invention 1-1 and Invention 2-1 are incomplete as an invention."

B. The judgment in prior instance, page 82, line 4 is deleted, and "B" of the same page, line 5 shall be replaced with "(2)", "(A)" of the same page, line 6 shall be replaced with "A", and "(B)" of the same page, line 21 shall be replaced with "B".

C. The language of "cannot be recognized as ... as in the foregoing." of page 82, line 9 of the judgment in prior instance shall be replaced with "cannot be said ... ,".

D. "(C)" of page 83, line 5 of the judgment in prior instance shall be replaced with "C".

E. A description from "The respective inventions" of page 84, line 11 of the judgment in prior instance to the end of the same page, line 15 shall be replaced with "whether to drastically generate carbon dioxide is irrelevant to the feature of the respective inventions, and thus the Appellants' point does not affect the function and effect of the respective inventions."

(2) Nonconformance to supporting requirement (Issue 3-2) and nonconformance to enablement requirement (Issue 3-3)

A. Supporting requirement and enablement requirement

(A) It is reasonable to make a determination of whether or not the recitation of the Claims might comply with the support requirement should follow the steps of: comparing the recitation of the Claims and the descriptions of the Detailed Description of the invention; and considering whether or not the invention recited in the Claims might fall within the scope in which person ordinarily skilled in the art could recognize that a problem to be solved by the invention might be solved by the description of the Detailed Description of the Invention, or considering whether or not the inventions recited in the Claims might fall within the scope in which person ordinarily skilled in the art could recognize without such description or suggestion in view of common technical knowledge as of the filing that the problem to be solved by the invention might be solved.

It can be seen from the scope of claims and the respective descriptions of Invention 1-1 and Invention 2-1 that the problem of both inventions is to provide a formulation effective for skin mucosal disorder such as athlete's foot and atopic dermatitis or itching and bedsore involved with skin mucosal disorder, beautiful skin and partial adiposeness.

Further, in view of the explanation of the aforesaid 1(4)A(B) and (1), a person ordinarily skilled in the art could understand from the common general knowledge as of the filing of the respective patents and the description of the respective descriptions that Invention 1-1 and Invention 2-1 cause a carbonate and an acid to react in the aqueous viscous compositions to generate carbon dioxide, retain carbon dioxide in the

form of bubbles in the resultant carbon dioxide-containing viscous composition, apply the obtained composition to skin mucosa or a damaged skin tissue or skin to supply carbon dioxide to subcutaneous tissues in a sustained manner, thereby bringing about the effects for the treatment, prevention or improvement of athlete's foot, atopic dermatitis or bedsore as well as the improvement of beautiful skin and partial improvement of adiposeness. The respective description also discloses the specific embodiment and test examples. According to this, Invention 1-1 and Invention 2-1 are the inventions described in the Detailed Description of the Invention. In view of the description of the Detailed Description of the Invention and the common general knowledge as of the filing date, a person ordinarily skilled in the art could recognize that the above problem to be solved by the invention might be solved. Thus it can be said that the description conforms to the supporting requirement.

(B) Subsequently, in order that the description of the Detailed Description of the Invention conforms to the enablement requirement, the Detailed Description of the Invention of the description is required to describe to the extent that allows a person ordinarily skilled in the art to implement the invention without excess trial and error on the basis of the description of the Detailed Description of the Invention and the common general knowledge as of the filing. Further, in view of the explanation of the above (A), it can be said that a person ordinarily skilled in the art could implement Invention 1-1 and Invention 2-1 on the basis of the description of the Detailed Description of the Invention and the common general knowledge as of the filing. Thus it can be said that the description of the Detailed Description of the Invention of the respective descriptions conforms to the enablement requirement.

B. Appellants' allegation

Appellants allege that a test example or a result of a pharmacological test showing that all the problems of the respective inventions have been solved is required. However, according to the specific embodiment including test example described in the respective descriptions, it can be said that a person ordinarily skilled in the art could recognize that the problem of Invention 1-1 and Invention 2-1 might be solved, and both inventions might be implemented, as explained in the above A.

Further, Appellants allege that the respective descriptions are silent about action mechanism, and there is a possibility that any factor other than transdermal absorption of carbon dioxide in the form of bubbles might function. Even so, however, it does not affect the above determination A.

Furthermore, Appellants also allege that since there is no limitation to the compositions of a carbonate and an acid, and thus it cannot be said that a person

ordinarily skilled in the art could recognize that the respective inventions could solve the problem. It can be said, however, from the common general knowledge and the description of the respective descriptions that a person ordinarily skilled in the art could recognize that a problem to be solved by the invention might be solved, as explained in the above A.

(3) Lack of Inventive step (Issues 3-4 and 3-5)

A. Citation of the judgment in prior instance

Except for the determination about lack of inventive step (Issue 3-4 and 3-5) shall be corrected as in the following, and the determination of the Appellants' allegation in this proceeding is supplemented as described below, the judgment in prior instance "Facts and reasons" No. 4-6 and -7 (judgment in prior instance, page 87, line 9 to page 94, line 21) shall apply as is. Thus it is incorporated by reference.

(A) "Main reference" of the judgment in prior instance, page 87, line 9 shall be replaced with "main cited reference".

(B) "And" of page 89, line 7 of the judgment in prior instance shall be replaced with "or".

(C) The description of "Accordingly" of page 89, line 19 of the judgment in prior instance to "difference ..." of the same page, line 20 shall be replaced with "there is a difference as to whether or not to include an aqueous viscous composition in which sodium alginate is dissolved into water,".

(D) The description of "not be said ...," of page 90, line 20 to the same page, line 23 of the judgment in prior instance shall be replaced with "not be said ..."

(E) The description of "Further," of page 91, line 2 of the judgment in prior instance to the end of the same page, line 3 shall be deleted.

(F) Each of "main reference" of page 91, line 4 and line 5 of the judgment in prior instance shall be replaced with "main cited reference".

(G) "And" of page 92, line 6 of the judgment in prior instance shall be replaced with "or".

(H) The description of "Accordingly" of page 92, line 18 of the judgment in prior instance to "difference ..." of the same page, line 19 shall be replaced with "there is a difference as to whether or not to include an aqueous viscous composition in which sodium alginate is dissolved into water".

(I) The description of "not be said ...," of page 94, line 10 to the end of the same page, line 13 of the judgment in prior instance shall be replaced with "not be said ...".

(J) The description of "Further," of page 94, line 18 of the judgment in prior instance to the end of the same page, line 19 shall be deleted.

(K) "Main reference" of the judgment in prior instance, page 94, line 20 shall be replaced with "main cited reference".

B. Appellants' allegation in this proceeding

(A) Issue 3-4

Appellants allege that a person ordinarily skilled in the art who read the Kanebo example invention would recognize a problem of "further improved sustainability of bubbles". However, the Kanebo example invention is characterized in that a carbonate and a water soluble polymer of sodium alginate are covered with polyethyleneglycol that is solid at room temperature, so that carbonate gas bubbles are gradually generated, stable bubbles are formed due to the viscosity of the water soluble polymer and the gas retaining ability is improved. Further, the Kanebo example invention has allegedly achieved sufficient effects by this. Thus it cannot be recognized that a person ordinarily skilled in the art who read the Kanebo publication would further recognize the problem as Appellants allege in the Kanebo example invention.

As described above, it cannot be said that a person ordinarily skilled in the art would recognize the problem as Appellants allege. Thus the Appellants' allegation is based on an incorrect premise.

The remaining points as the Appellants allege do not affect the above determination.

(B) Issue 3-5

Appellants allege that, with a premise that there is a problem of "further improved sustainability of bubbles" in the Kanebo example invention, a person ordinarily skilled in the art would recognize that the problem of the Kanebo comparative example invention of significantly poor gas retaining ability might not be completely solved even if a person ordinarily skilled in the art would adopt the constitution of the Kanebo example invention in compliance with the description of the Kanebo publication with respect to the Kanebo comparative example invention. However, it cannot be said that a person ordinarily skilled in the art would recognize the problem as Appellants allege in the Kanebo example invention, as explained in the above (A). Thus the Appellants' allegation is based on an incorrect premise.

The Appellants' remaining allegation is not acceptable, in view of the explanation of the judgment in prior instance that has been cited and corrected in the aforesaid A.

4. Appellants' liability

(1) Patent right infringement

A. Direct Infringement

As discussed in aforesaid 1(6), the respective Defendants' products fall within the technical scopes of Invention 1-1 and Invention 2-1. Thus without determination of whether or not the respective Defendants' products fall within a technical scope of the other claims (Issue 1-2), the Appellants' act of producing and selling the respective Defendants' products corresponds to a direct infringing act of the respective patent rights.

B. Indirect infringement (Issue 1-2)

Defendant's products 2, 5 to 7, 9, 11 to 14 and 16 to 18 are kits of a gel and granules produced and sold by Appellant NeoChemir. Consequently, granules sold by Appellant NeoChemir were produced and sold as the one to be sold with a gel in these Defendant's products (the overall import of the oral argument). Therefore, it cannot be seen that there is any other economical, commercial or practical use.

Therefore, Appellant NeoChemir's act of producing and selling granules corresponds to an act of indirect infringement of the respective patent rights (Article 101, item (i) of the Patent Act), since such an act corresponds to the production and the assignment of "a product used only for production" of these Defendant's products.

C. As in the foregoing, Appellants are presumed to be culpable for infringing acts since they are those who infringed the respective patent rights (Article 103 of the Patent Act).

(2) No-fault of Appellant Cosmepro et al. (Issue 4)

Appellant Cosmepro et al. alleges that Appellant Cosmepro et al. is no-fault, however, the determination about this point (Issue 4) is as per described in the judgment in prior instance, "Facts and reasons", No. 4-8 (the judgment in prior instance, page 94, line 23 to page 95, line 5). Thus it is incorporated herein by reference.

(3) Whether or not to establish joint tort (Issue 5)

The determination about whether or not to establish joint tort (Issue 5) is as per described in the judgment in prior instance, "Facts and reasons", No. 4-9 (the judgment in prior instance, page 95, line 6 to page 99, line 21). Thus it is incorporated herein by reference.

(4) Summary

As described above, the liability for damage on the basis of tortious act of patent right infringement (Civil Code, Article 709) should be accepted by [i] Appellant NeoChemir for the sales of the Defendant's products 1, 3, 4, 8, and 15 and the production and sales of granules of the Defendant's products 2, 5 to 7, 9, 11 to 14, and 16 to 18; [ii] Appellant Cosmepro for the production and sales of the Defendant's

products 1, 14, 15, and 18; [iii] Appellant Airica for the sales of Defendant's product 5; [iv] Appellant Chiara Macchiato for the sales of Defendant's product 5; [v] Appellant Wingsense for the sales of Defendant's product 13; [vi] Appellant Cosme Bose for the production and sales of Defendant's product 13; and [vii] Appellant Clear noir for the sales of Defendant's product 15, respectively.

5. Damage (Article 102, paragraph (2) of the Patent Act) (Issue 6-1)

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

A. Article 102, paragraph (2) of the Patent Act specifies that "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 ...". In the principle of Civil Code, it is a patentee who must establish the occurrence and an amount of damage as well as the connection between these facts and infringing act of patent right to seek a compensation for damage on patentee by patent right infringement. The proof poses challenges, which as a result causes inconvenience such as insufficient compensation for damage. In such circumstances, Article 102, paragraph (2) of the Patent Act is a provision that aims to alleviate the difficulty to prove, specifying that when an infringer makes profit by an infringing act, the profit is presumed to be an amount of damage on patentee. Further, should there be any circumstances where patentee could have obtained a profit in the absence of the patent right infringing act by an infringer, it should be construed that Article 102, paragraph (2) of the Patent Act shall apply.

B. Appellee has been producing and selling a two pack-type carbonate pack cosmetics consisting of a gel and granules with the product names of "Mediplorer", "Spa Oxygel", and "Nano aquagel pack" since September 1999. These products (hereinafter collectively referred to as "Plaintiff's products") are the implemented products of Invention 1-1 and Invention 2-1 (Exhibits Ko 5, 6, 46, 55-2 and the overall import of the oral argument).

According to this, there are circumstances where Appellee could have obtained a profit in the absence of the patent right infringing act by Appellants. Thus Article 102, paragraph (2) of the Patent Act shall apply.

C. Further, it is reasonable to understand from the above purpose of Article 102, paragraph (2) of the Patent Act that an amount of profit made by an infringer due to an infringing act as provided in the same paragraph is a total amount of profit made by the infringer in principle, and there should be a presumption under the paragraph

for such a total amount of profit. Of course, the above provision is a provision of presumption. Thus in a case where an infringer establishes the fact that there is no connection between a damage on patentee and a part or all of profit made by the infringer, the above presumption may be rebutted to such extent.

(2) Amount of profit made by an infringer due to an infringing act

A. Meaning of profit

It should be construed that an amount of profit made by an infringer due to an infringing act of Article 102, paragraph (2) of the Patent Act is an amount of marginal profit in which only an additional cost that was necessitated in direct relation to manufacture and sales of infringing products by the infringer is deducted from sales figures of the infringing products by the infringer, and the burden of proof is on the patentee's side.

Appellee alleges an amount of profit as provided in the same paragraph as per described in the column "Amount as Appellee alleges" "Amount of damage under the paragraph (2)" of the attachment "List of amount of damage", stating that Appellants' sales figures and expenses from the registration date of Patent 1 of January 7, 2011 to the date described in each paragraph of the attachment "List of claims" for each Appellant and for each product (corresponding to Defendant's products 1 to 9, 11 to 18 in the order from the item 1) are as per described in the column "Sales figure" and the column "Expenses without issue" of the attachment "List of sales figures and expenses" for the respective Defendants' products (hereinafter including granules in relation to Appellant NeoChemir) (hereinafter referred to as "the period for damage").

B. Sales figure

There is no dispute between the parties with regard to the fact that the Appellants' sales figure of the respective Defendants' products during damage period is as per described in the column "sales figure" of the attachment "List of sales figures and expenses".

C. Expenses to be deducted

(A) As aforementioned, expenses to be deducted means expenses additionally required in direct relation to the production and sales of infringing products, which includes, for example, raw material cost, purchase cost, and shipping cost for infringing products. In contrast, for example, an employment cost as well as traveling and communication costs in administrative part do not correspond to additional expenses that were necessitated in direct relation to manufacture and sales of infringing products in usual circumstances.

Further, Appellee alleges the above raw material cost, purchase cost, and shipping

cost in the period of damage as per described in the column "Expenses without issue" of the attachment "List of sales figures and expenses". To the extent of this amount, there is no dispute between the parties. Appellants allege expenses to be further deducted, as per described in the column "Expenses as Appellants allege" of the attachment. Thus a determination is made in the following.

(B) Appellant NeoChemir's expenses (the respective Defendants' products)

Appellant NeoChemir alleges that an employment cost for researchers of R&D center should be deducted from the sales figure. However, the R&D center researchers' assignment and their engagement in the production and sales of the Defendant's products (granules for the products 2, 5 to 7, 9, 11 to 14, and 16 to 18) are unknown. Thus it cannot be said that the employment cost as Appellant NeoChemir alleges was additionally necessitated in direct relation to the production and sales of these products. Therefore, it is unreasonable to regard the above employment expenses as expenses to be deducted from the sales figure of these products.

(C) Appellant Cosmepro Expenses (the Defendant's products 1, 14, 15, and 18)

a. Employment cost for part-time employees

Appellant Cosmepro alleges that employment cost for part-time employee should be deducted. However, the part-time employees' assignment and their engagement in the production and sales of the Defendant's products 1, 14, 15, and 18 are unknown. Thus it cannot be said that the employment cost as Appellant Cosmepro alleges was additionally necessitated in direct relation to the production and sales of these products. Therefore, it is unreasonable to regard the above employment expenses as expenses to be deducted from the sales figure of these products.

b. Outsourced experiment and research expenses

Appellant Cosmepro alleges that 378,880 yen should be deducted as an outsourced experiment and research expenses. The experiment according to [ii] and [iii] of Exhibit Otsu B2-9 was conducted on November 2014 and directed to the antiseptic and antifungal tests for Defendant's product 18 sold on December 2014 (the overall import of oral argument). Therefore, it can be said that the expense for the above test (38,880 yen in total) was additionally necessitated in direct relation to the production and sales of the same product, and thus the expense corresponds to the expenses to be deducted from the sales figures of the product. In contrast, it is indefinite as to what product the remaining experiment expenses (directed to Exhibit Otsu B2-9[i]) are directed to. Thus it cannot be said that the experimental expenses were additionally necessitated in direct relation to the production and sales of the Defendant's products 1, 14, 15, and 18. Therefore, it is unreasonable to regard this

part as expenses to be deducted from the sales figure of these products.

c. Promotion costs

Appellant Cosmepro alleges that the advertising cost should be deducted. However, the content of the exhibition of Appellant Cosmepro and the manner of indication of Defendant's products 1, 14, 15, and 18 in the exhibition are not obvious from Exhibits Otsu B2-11 (1) to (4). Thus it cannot be said that the advertisement cost as Appellant Cosmepro alleges was additionally necessitated in direct relation to the production and sales of these products. Therefore, it is unreasonable to regard the above advertising cost as expenses to be deducted from the sales figure of these products.

d. Cost for free distribution of sample and cost for distribution in exhibition

Appellant Cosmepro alleges that sample costs (raw material cost, purchase cost, and shipping cost) should be deducted. However, it is not obvious from Exhibits Otsu B2-10 and -12 as to whether Appellant Cosmepro bore expenses according to samples in addition to the products for sales for the Defendant's products 1, 14, 15, and 18. Thus it cannot be said that the sample cost as Appellant Cosmepro alleges was additionally necessitated in direct relation to the production and sales of these products. Therefore, it is unreasonable to regard the above sample cost as expenses to be deducted from the sales figure of these products.

(D) Promotion and advertising cost for Appellant Airica (Defendant's product 5)

Appellant Airica alleges that promotion and advertising costs should be deducted. However, it cannot be seen from Exhibit Otsu B8-7 that the promotion and advertising costs are directed to the Defendant's product 5. Thus it cannot be said that the promotion and advertising costs as Appellant Airica alleges were additionally necessitated in direct relation to the production and sales of the products. Therefore, it is unreasonable to regard the above promotion and advertising costs as expenses to be deducted from the sales figure of the same product.

(E) Promotion and advertising cost for Appellant Chiara Macchiato (Defendant's product 5)

It is recognized that Appellant Chiara Macchiato paid 1,089,837 yen for the promotion of Defendant's product 5 (Exhibit Otsu B8-4). This was additionally necessitated in direct relation to the production and sales of the same products. Thus it corresponds to the expenses to be deducted from the sales figure of the same products.

(F) Employment cost of Appellant Wingsense (the Defendant's product 13)

Appellant Wingsense alleges that an employment cost for part-time employees

who are exclusively in charge of the Defendant's product 13 should be deducted. However, the part-time employees' assignment and their engagement in the production and sales of the Defendant's product 13 are unknown from Exhibit Otsu B18-7, [xix]. Thus it cannot be said that the employment cost as Appellant Wingsense alleges was additionally necessitated in direct relation to the production and sales of the product. Therefore, it is unreasonable to regard the above employment expenses as expenses to be deducted from the sales figure of the same product.

(G) Appellant Clear noir's expenses (Defendant's product 15)

a. Purchases for stock articles

Appellant Clear noir alleges that purchases for stock articles and samples should be deducted. However, it is obvious that the purchase of the stock articles was not the expense additionally necessitated in direct relation to the production and sales of Defendant's product 15. This fact remains unchanged by a reason for producing stock articles as to whether Defendants refrained from selling by the settlement of provisional disposition case. Further, it is indefinite as to whether Appellant Clear noir distributed samples, or why the distribution was additionally necessitated for the production and sales of the same product. Thus it cannot be said that the purchase of samples as Appellant Clear noir alleges was additionally necessitated in direct relation to the production and sales of the same product. Therefore, it is unreasonable to regard the above purchase Appellant Clear noir alleges as expenses to be deducted from the sales figure of the same product.

b. Promotion and advertising costs, etc.

Appellant Clear noir alleges that promotion and advertising cost and traveling expense should be deducted. However, it is not obvious from Exhibits Otsu B20-3 and -5 that the expenses as Appellant Clear noir alleges are directed to the Defendant's product 15. Thus it cannot be said that the promotion and advertising and traveling costs as Appellant Clear noir alleges were additionally necessitated in direct relation to the production and sales of the products. Therefore, it is unreasonable to regard the above promotion and advertising cost and the traveling expense as expenses to be deducted from the sales figure of the same product.

(H) As aforementioned, the expenses to be deducted from the sales figure is as per described in the column "Total amount of expenses" of the attachment "List of sales figures and expenses".

D. Summary

Therefore, an amount described in the column "Amount as Court found" "Amount of damage under the paragraph (2)" of the attachment "List of amount of damage" is

presumed to be an amount of damage on Appellee by Appellants' patent right infringing acts.

(3) Ground for rebuttal to presumption

A. Circumstances of the rebuttal to presumption

Regarding the rebuttal to the presumption under the provision of Article 102, paragraph (2) of the Patent Act, it is construed as an infringer who should bear burden of proof, similar to the circumstances of the proviso to the same paragraph, paragraph (1) of the Patent Act, and a fact for the rebuttal to presumption may be construed as including circumstances which could disprove the connection between a profit gained by the infringer and a damage on patentee. For example, the following facts may be considered as a fact for the rebuttal to presumption with respect to Article 102, paragraph (2) of the Patent Act, as similar to the circumstances of the proviso to the same article, paragraph (1) of the Patent Act: [i] a difference in business style (market is not the same) between patentee and infringer; [ii] the presence of competing products in a market; [iii] marketing efforts of infringer (branding, advertisement); and [iv] performance of infringing products (features other than patent invention including function and design). Further, even in a case where a patent invention is implemented for only a part of the infringing products, these facts may be taken into consideration as a fact for the rebuttal to presumption. It cannot be deduced directly from the fact that the patent invention is implemented for only a part of the infringing products that the above rebuttal to presumption is recognized, but it is reasonable to find by comprehensively taking into account the circumstances such as an importance of a part of an infringing product where the patent invention is implemented and the customer attracting force of the patent invention.

B. Appellants allege that the presence of the other carbonate pack cosmetics can be a fact for the rebuttal to presumption, supposing that all the pack cosmetics utilizing carbonate gas be competing products.

It is construed, however, that a competing product needs to be a product that competes with infringing products in a market.

The respective Defendants' products are pack cosmetics utilizing carbonate gas using an aqueous viscous composition as one agent of a two-pack kit of carbonate pack, and causing a carbonate and an acid to react in the aqueous viscous composition to generate carbon dioxide and cause the obtained carbon dioxide-containing viscous composition to retain carbon dioxide in the form of bubbles. Further, the dosage form in cosmetics affects not only facility and handleability but also satisfaction obtained by spending efforts. It is selected according to the need and favor of each

consumer. Therefore, it is not reasonable to understand that all the pack cosmetics utilizing carbonate gas are competing products without regard to the dosage form. The sales period and market share of the products as Appellants allege as competing products is indefinite, and thus it is insufficient to find that these products are the competitors of the respective Defendants' products in a market.

C. Appellants allege that the respective Defendants' products are superior in convenience, or the sales of the respective Defendants' products have been accomplished by the planning ability and marketing efforts of Appellants.

It is usual, however, that business company makes device on the utility of products and marketing efforts. Thus it cannot be said as a fact for the rebuttal to presumption even if an ordinary level of marketing device and marketing efforts should be made. In this case, there is no proper evidence sufficient to find that Appellants have made particular device or marketing efforts that go beyond the ordinary level.

D. Appellants allege that the respective Defendants' products cause significantly superior performance compared to the Plaintiff's products.

Should an infringing product causes effects superior to the products of patentee, it would not directly lead to the rebuttal to presumption. There should be circumstances where the superior effects contribute to the sales of the infringer.

(A) Plaintiff advertises the respective products in the manner of "Power of carbonate to moisturize skin deep inside", "bubbling carbonate gas delivers 'oxygen' necessary for metabolism of skin", or "Spa oxygel constructs a confident facial contour. It is a slimmed skin with fitness, gloss, and moisture.". The method for use of these products allegedly comprises the steps of putting a gel and granules into a cup, uniformly mixing with spatula, heavily applying a resultant gel onto a cleaned skin, packing steadily for about 20 minutes or 30 minutes, roughly removing gel with a spatula, and wiping off with a wet towel to clean off. (Exhibits Ko 5, 6, 46, 55-2, and the overall import of the oral argument)

(B) A method for the use of the respective Defendants' products is generally instructed as below: [i] moderately mixing an agent A (granules) with an agent B (gel), and extending the mixture to the whole surface of a face slightly thicker (1 mm or so), [ii] an estimated time for packing is 20 minutes to 30 minutes, [iii] after packing, a gel is removed with an included spatula, and [iv] finally washing the face lightly to clean off (Defendant's product 3), while a method for use slightly differs depending on products.

But regarding a time of [ii], one is 15 minutes or more (Defendant's product 5),

one is 15 minutes to 30 minutes (or so) (Defendant's products 13, 14), and one is 15 minutes to 20 minutes (Defendant's product 9). Thus a time for using a composition obtained from the respective Defendants' products (a time for packing) is 15 minutes to 30 minutes.

Further, regarding [iii] and [iv], in Defendant's product 1, it is described that a proper amount of a mousse gelator is sampled with a spatula, and extended in a small amount to a face so as to cover a gel coated on the face with a thin layer, after coating the gelator, the gel is peeled several times, a remained gel is wiped off, or washed off for complete removal. In Defendant's product 8, it is described that a proper amount of an included fixer (hardening agent) is scooped with a cleaned spatula, and extended first so as to cover a gel on a face, and after a surface is gradually solidified, a solid is slowly peeled off, and after peeling, the face must be washed off thoroughly. Furthermore, the use of a solidifying agent is instructed to peel a gel in Defendant's product 15 (Exhibits Ko 7, 8, 20, Exhibits Otsu A36-3, 42-4, Exhibit Otsu E all 27-3 and the overall import of the oral argument).

A third party's website describes unique features of the products, saying that "A method for use is just simple! ... Since a jelly serving for a solidifying agent is finally put on a pack to facilitate the peeling of the pack, the gel can be easily removed - This is one feature" (Defendant's product 1. Exhibit Otsu A36-2, Exhibit Otsu E all 27-2), "a weakly acidic carbonate gas pack suitable for all skins" (Defendant's product 8. Exhibit Otsu A38-2), "Carbonate power causes a focusing beauty component to be permeated into a skin!", "10 kinds of beauty components are mixed" (Defendant's product 12. Exhibit Otsu A39-2) and "To effectively cause a high level carbonate gas to be permeated into a horny layer, a highly viscous gel" is used (Defendant's product 18. Exhibit Otsu A45-2) (Exhibits Otsu A36 to 45, Exhibits Otsu E all 27, 28).

(C) The respective Defendants' products and Plaintiff's products are both the implemented products of Invention 1-1 and Invention 2-1, which causes a carbonate and an acid to react in the aqueous viscous compositions to generate carbon dioxide, retain carbon dioxide in the form of bubbles in the resultant carbon dioxide-containing viscous composition, apply the obtained composition to the skin to supply carbon dioxide to subcutaneous tissues, thereby bringing the effects for beautiful skin and partially improved adiposeness. Facts found in the above (A) and (B) are insufficient to find circumstances where the respective Defendants' products cause significantly excellent performance compared to Plaintiff's products, and this contributes to the Appellants' sales. There is no other proper evidence sufficient to

find this.

E. Appellants allege that the respective Defendants' products are the implemented products of the patent invention owned by Appellant NeoChemir, and in view of the contribution of these patent inventions, an amount of compensation for damage should be reduced.

Should an infringing product be an implemented product of the other patent invention, it would not directly lead to the rebuttal to presumption. There should be any circumstances where the implementation of the other patent invention contributes to the sales of the infringing product. Appellant NeoChemir owns the following patents related to carbon dioxide external preparation: [i] Patent No. 4130181 (Exhibit Otsu A18); [ii] Patent No. 4248878 (Exhibit Otsu A19); [iii] Patent No. 4589432 (Exhibit Otsu A20); and [iv] Patent No. 4756265 (Exhibit Otsu B all 7). There is no proper evidence that supports the fact that the respective Defendants' products fall within the technical scope of the invention according to the above respective patents. Thus it cannot be said first of all that the respective Defendants' products are implemented products of the other patent invention. Therefore, the rebuttal to presumption due to the contribution of these patented inventions cannot be recognized.

Further, there were the ones in which the existence of the above patent right or the acquisition of patent was indicated on an outer case, or indicated for promotion and advertisement in the respective Defendants' products (Exhibits Ko 7, 8, 17, and 20). In the absence of the fact of implementation of a patent invention, it is inappropriate to consider the only indication of the patent as a fact for the rebuttal to presumption. Thus the rebuttal to presumption from this point cannot be recognized.

F. Appellants allege from the viewpoint of the comparison with the conventional technique that Invention 1-1 and Invention 2-1 have low technical values. The technique of cosmetics to combine a gel and powders as Appellants point out (Shiseido 614 and Nisshin 324) is not directed to cosmetics utilizing carbonate gas (Exhibit Otsu A103, Exhibits Otsu E all 9, 35, 36). Two-pack type cosmetics generating carbon dioxide in the form of bubbles (Ishigaki inventions 1 and 2) are the technique of bubbling cosmetics for massaging skin, etc. by the breakage of bubbles of carbonate gas. It is not intended for obtaining a carbon dioxide-containing viscous composition that retains carbon dioxide in the form of bubbles (Exhibits Otsu E all 4, 5, 37, 38). Thus neither of Invention 1-1 and Invention 2-1 is replaced. Consequently, the presence of these conventional techniques has nothing to do with a damage to the Appellee, and thus it cannot be said as a fact for the rebuttal to presumption.

G. According to the experimental results of Exhibit Otsu A3, Appellants allege that the contributions of Invention 1-1 and Invention 2-1 are limited in the respective Defendants' products where butyleneglycol is mixed. However, Invention 1-1 and Invention 2-1 are inventions of a two-pack type kit of cosmetics for obtaining a carbon dioxide-containing viscous composition. The respective Defendants' products are kits of pack cosmetics to be used by mixing a gel comprising a carbonate with granules comprising an acid. Thus it must be said that Invention 1-1 and Invention 2-1 are implemented for all of the respective Defendants' products. Further, in this case where there are no circumstances where the effects caused by mixing butyleneglycol with the respective Defendants' products contribute to the Appellants' sales, the mixture of butyleneglycol is irrelevant to the damage on Appellee. Thus the experimental result of Exhibit Otsu A3 pointed by Appellants does not support the above Appellants' allegation.

H. Appellants allege that the respective Defendants' products do not satisfy Constituent features 1-4A and 1-5A, and thus the contribution of the respective inventions is limited. The production and sales of the respective Defendants' products correspond to the infringement of the respective patent rights, as in the foregoing. The presence or absence of the implementation of the invention according to the dependent claims in this case is irrelevant to a damage on Appellee, and thus cannot be said as supporting the above Appellants' allegation.

I. None of the remaining points as Appellants allege could be a fact for the rebuttal to presumption under Article 102, paragraph (2) of the Patent Act. For the above reason, the rebuttal to presumption of the same paragraph is not recognized in this case.

(4) Summary

For the above reason, an amount of damage calculated by Article 102, paragraph (2) of the Patent Act for the respective patent right infringement is as per described in the column "Amount as Court found" "Amount of damage under the paragraph (2)" of the attachment "List of amount of damage". Further, in view of the contents of Patent right 1 and Patent right 2, an amount of damage does not differ between a period when infringing one patent and a period when infringing both patents.

6. Damage (Article 102, paragraph (3) of the Patent Act) (Issue 6-2)

(1) Article 102, paragraph (3) of the Patent Act

A. Appellee selectively alleges an amount of damage calculated by Article 102, paragraph (3) of the Patent Act, as per described in the column "Amount as Appellee alleges" "Amount of damage under the paragraph (3)" of the attachment "List of

amount of damage". Article 102, paragraph (3) of the Patent Act statutorily specifies a minimal amount of damage that a patentee can claim in a patent right infringement.

B. Article 102, paragraph (3) of the Patent Act specifies that "The patentee ... may fix the value of the damages that the patentee ... has personally incurred as being equivalent to the amount of money the patentee ... would have been entitled to receive for the working of the patented invention, and may claim compensation for this against a person that, intentionally or due to negligence, infringes the patent ...". Consequently, a damage under the provision of the same paragraph should be calculated in principle on a sales figure basis of infringing products by multiplying the sales figure by a royalty rate to be paid for the implementation.

(2) Amount corresponding to amount to be paid for the implementation of the patent invention

A. Regarding "an amount corresponding to an amount to be paid for the implementation of the patent invention" as provided in Article 102, paragraph (3) of the Patent Act, it specified before the revision by 1998 Law No. 51 that "an amount corresponding to an amount to be paid usually for the implementation of the patent invention", whereas "an amount to be paid usually" was in favor of infringement, and thus a part of "usually" was deleted by the revision.

In a license agreement of the patent invention, a royalty rate is determined in advance in a situation where it is usual to be subjected to various contractual restrictions, e.g. a licensee is required to pay a minimum guarantee in a stage where it is indefinite as to whether or not the licensee's product might fall within a technical scope of the patent invention or whether or not the patent should be invalidated, and it is impossible to seek a refund of the paid royalty fee even in a case where the patent should be invalidated, whereas an infringer would not bear such contractual restrictions in a case where the infringer's product should fall within a technical scope of the patent invention and be found to infringe the patent right, stating that it cannot be said that the patent should be invalidated. Further, in view of the aforementioned history of the revision of the Patent Act, in calculating damage on the basis of the same paragraph, it is not always necessary to be based on a royalty rate in the license agreement for the patent right, but a rate to be paid for the implementation as determined post facto for a person who infringed a patent right would inevitably become a higher rate compared to an usual royalty rate.

Therefore, a royalty rate to be paid for the implementation should be determined as a reasonable royalty rate by comprehensively taking into account the following circumstances appeared in a lawsuit: [i] a royalty rate in the actual license agreement

of the patent invention or if it is indefinite, a market rate of royalty rate in their business; [ii] the value of the patent invention itself; i.e., the technical content or significance of the patent invention, and the substitutability with alternative products; [iii] contributions to sales figure and profit when the patent invention is used for products and a manner of infringement; and [iv] a competition between patentee and infringer as well as a business policy of patentee.

B. Facts found

(A) The royalty rate of the actual license agreement for the respective patents is not disclosed in this case, whereas the following facts are recognized from evidences (Exhibit Ko 48, Exhibit Otsu A49) and the overall import of the oral argument.

a. In Table III-10 of "Research and study reports on how to utilize patents etc. in view of value assessment of intellectual property - Investigation of intellectual property (assets) assessment and royalty rate - (March 2010)" prepared by TEIKOKU DATABANK, LTD., (hereinafter referred to as "the report"), as a questionnaire result of royalty rate of domestic businesses, a royalty rate of patent in an industrial field of chemistry is described as 5.3%.

First of all, in Table II-3 where a result of questionnaire in 2007 for domestic businesses is described, an average of a royalty rate of patent in a technical category of chemistry is described as 4.3% (maximum value 32.5%, minimum value 0.5%) (103 cases).

b. In Table III-12 of the reports, a royalty rate determined by court is described as 6.1% on average (maximum value: 20%, minimum value: 0.3%) (for 5 cases) for patents in an industrial field of chemistry from 2004 to 2008.

On the other hand, in Table III-11 of the report, a royalty rate determined by court is described as 3.1% on average (median 3.0%, maximum 5.0%, for 7 cases) for patents in an industrial field of chemistry from 1997 to 2008.

c. Settlement with regard to the other patent right owned by the Appellee

(a) Appellee owns the following Patent No. 5164438 (Exhibit Ko 51-1, hereinafter referred to as "patent of the other case") in addition to the respective patent rights:

Filing date: June 11, 2007

Original filing date: May 6, 1999

Registered Date: December 28, 2012

Title of invention: A composition for transdermal and transmucosal absorption of carbon dioxide

(b) Extra-judicial compromise by Appellee

Appellee claimed a suspension of the production and sales of the products

produced and sold by H2O Co., Ltd. on the grounds of the patent right according to the patent of the other case, and reached an extra-judicial compromise on April 30, 2013 with the company, to the effect that Appellee may receive the payment of a settlement money of 561,219 yen corresponding to 10% of the sales figure of the products, and received a payment of the settlement money (Exhibits Ko 49, 57-1).

Appellee claimed a suspension of the sales of the products sold by RISE Co., Ltd. on the grounds of the patent right according to the patent of the other case, and reached an extra-judicial compromise on October 1, 2013 with the company, to the effect that Appellee may receive the payment of a settlement money of 346,225 yen corresponding to 10% of the sales figure of the products, and received a payment of the settlement money (Exhibits Ko 50, 57-2).

(B) As in the aforesaid 1(4)A(B), Invention 1-1 and Invention 2-1 use an aqueous viscous composition comprising sodium alginate as one agent of two-pack type kit, and cause a carbonate and an acid to react in the aqueous viscous compositions to generate carbon dioxide, retain carbon dioxide in the form of bubbles in the resultant carbon dioxide-containing viscous composition, and apply the obtained composition to skin mucosa or a damaged skin tissue or a skin to supply carbon dioxide to subcutaneous tissues in a sustained manner, thereby bringing about the effects for the improvement on beautiful skin and partial adiposeness. Further, Invention 1-1 and Invention 2-1 are aqueous viscous compositions comprising sodium alginate as one agent in cosmetics retaining carbon dioxide in the form of bubbles. In this context, these inventions are inventions related to the whole configuration of dosage form in cosmetics and of considerable significance. Further, regarding cosmetics that retain carbon dioxide in the form of bubbles, there is no conventional technique to make one agent of two-pack type kit an aqueous viscous composition comprising sodium alginate. In this regard, there seems to be no alternative technique.

(C) As in the aforesaid 5(3)G, it must be said that Invention 1-1 and Invention 2-1 are implemented for all the respective Defendants' products. Further, the dosage form in pack cosmetics affects buying motive of consumers, and thus the use of both inventions for the respective Defendants' products would contribute to Appellants' sales and profit.

(D) Appellant and Appellee are both manufacturers and sellers of cosmetics and competitors.

C. Amount to be paid for the implementation

As in the foregoing, it is reasonable to find that a royalty rate to be paid for the implementation of the present case to be determined post facto for a person who

infringed a patent right would not fall below 10% by taking into account the following circumstances appeared in a lawsuit: [i] in this case, the royalty rate of the actual license agreement of the respective patents is not disclosed, whereas an average license fee in recent statistics of a technical field to which the respective inventions pertain is 5.3% in a result of questionnaire for domestic businesses, and 6.1% in the determination by court, and there is a case where a settlement money was found to be 10% of sales figure with regard to patent right infringement of patent in the same field owned by the Appellee; [ii] Invention 1-1 and Invention 2-1 have considerable importance, and no alternative technique is present; [iii] it can be said that the implementation of Invention 1-1 and Invention 2-1 contributes to the sales and profit of the respective Defendants' products; and [iv] the Appellee and the Appellants have a competitive relationship. Further, in view of the contents of Patent right 1 and Patent right 2, the royalty does not differ between one case and a combination of both cases.

Therefore, an amount of damage calculated by Article 102, paragraph (3) of the Patent Act for the respective patent right infringement is as per described in the column "Amount as Court found" "Amount of damage under paragraph (3)" of the attachment "List of amount of damage".

(3) Appellants' allegation

The Appellants allege that a royalty rate to be paid for the implementation should be lowered on the grounds that a contribution of the respective patents in the respective Defendants' products is limited. It cannot be seen from the explanation in the aforesaid 5(3) that a contribution to sales and profit due to the use of Invention 1-1 and Invention 2-1 for the respective Defendants' products is limited. Thus the Appellants' allegation is based on an incorrect premise.

Further, the Appellants allege that the business model of the Appellee unjustly impedes competition. As in the aforesaid finding 5(1)B, the Appellee produces and sells the implemented products of the respective patents. Thus there is no ground to construe that the business model of the Appellee unjustly impedes competition. The Appellants' allegation of sales method by MLM lacks specific argument, and is thus not reasonable.

The remaining points as the Appellants allege do not affect the above determination.

7. Conclusion

(1) Regarding Appellee Chiara Macchiato (Defendant's product 5), an amount of damage according to Article 102, paragraph (3) of the Patent Act as found in the

above 6, is higher than an amount of damage according to the same article, paragraph (2), as found in the above 5. Thus the amount of damage according to the same article, paragraph (3) should be recognized as an amount of damage on Appellee.

On the other hand, the amounts of damage calculated by the same article, paragraph (2) found in the aforesaid item 5 are higher than with regard to the remaining Appellants. Thus these amounts should be recognized as the amounts of damage on Appellee.

In view of the history of Appellants Cosmepro et al. having produced and sold the respective Defendants' products, Appellants Cosmepro et al. alleges that Appellants Cosmepro et al. had neither intention nor serious fault. Thus a consideration should be given to this fact in finding an amount of compensation for damage for Appellants Cosmepro et al. under the provision of the same article, paragraph (4). However, Appellant Cosmepro, Appellant Airica, Appellant Wingsense, Appellant Cosme Bose, and Appellant Clear noir are manufacturers of cosmetics, and should there be circumstances alleged by Appellants, it cannot be said that there was neither intention nor serious fault for patent right infringement with respect to the Appellants. Thus the above Appellants' allegation is not acceptable.

(2) As described above, an amount of damage of Appellee amounts to a sum of an amount of damage calculated by Article 102, paragraph (2) of the Patent Act for Appellants except for Appellant Chiara Macchiato and an amount of damage calculated by the article, paragraph (3) of the Patent Act for Appellant Chiara Macchiato and an amount of attorney cost.

Further, it is reasonable to find that the attorney cost in connection with the tortious act of Appellants does not fall below ten percent of an amount of damage to be calculated by the above item. Thus the Appellee's amount of damage is as per described in the columns "Amount as the court finds" and "Damage on Appellee" of the attachment "List of amount of damage".

Therefore, the Appellee's claim has a point to the extent of seeking a payment of the above amount of damage and default charges in a proportion of 5 percent per year prescribed in Civil Code from the day on which the computation of each delinquent charge (the days after amendment for days amended) described in the attachment "List of Claims", which is the day after the day of tortious act, to the paid date.

No. 4 Conclusion

For the above reason, the determination of the judgment in prior instance is correct in that Appellee's claim for compensation for damage was accepted to the extent of the above No. 3-7 and the remaining claims for compensation for damage

were dismissed, and the Appellants' appeal is groundless, and thus should be dismissed. Further, since Appellee has withdrawn an action for each claim for injunctive relief and disposal against Appellants that was sought in the prior instance, a part directed to the Appellants in the main text of the judgment in prior instance Nos. 1 to 5, 8 to 10, 12 to 18, 21 to 23, 25, and 26 ceases to be effective, and thus the court clarifies it and renders as in the main text.

Intellectual Property High Court, Special Division

Presiding Judge TAKABE Makiko

Judge MORI Yoshiyuki

Judge TSURUOKA Toshihiko

Judge OHTAKA Ichiro

Judge TAKAHASHI Aya

Attachment

List of Claims

1 Appellant NeoChemir and Appellant Cosmepro should jointly pay to Appellee 7,364,892 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 to the paid date.

2 Appellant NeoChemir should pay to Appellee 20,853,199 yen and an interest for arrears in a proportion of 5 percent on an annual basis from February 28, 2015 to the paid date.

3 Appellant NeoChemir should pay to Appellee 10,037,758 yen and an interest for arrears in a proportion of 5 percent on an annual basis from February 28, 2015 to the paid date.

4 Appellant NeoChemir should pay to Appellee 13,772,552 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 31, 2016 to the paid date.

5 Appellant Airica, Appellant Chiara Macchiato, and Appellant NeoChemir should jointly pay to Appellee 7,867,880 yen and an interest for arrears in a proportion of 5 percent on an annual basis from March 17, 2017 to the paid date.

6 Appellant NeoChemir should pay to Appellee 6,155,646 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 to the paid date.

7 Appellant NeoChemir should pay to Appellee 41,949,557 yen and an interest for arrears in a proportion of 5 percent on an annual basis from February 29, 2016 (with the proviso that from November 6, 2015 for its part 770,880 yen) to the paid date.

(A claim after amendment in this proceeding)

Appellant NeoChemir should pay to Appellee 41,949,557 yen and an interest for arrears in a proportion of 5 percent on an annual basis from February 29, 2016 to the paid date.

8 Appellant NeoChemir should pay to Appellee jointly with the Appellant Rhythm before separation and the Appellant AMPLY before separation 270,633,428 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 to the paid date.

9 Appellant NeoChemir should pay to Appellee jointly with the Appellant SHIN before separation 1,765,707 yen and an interest for arrears in a proportion of 5 percent

on an annual basis from September 14, 2016 to the paid date.

10 Appellant NeoChemir should pay to Appellee jointly with the Appellant Japan Cosme before separation 1,046,895 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 3, 2015 to the paid date.

11 Appellant NeoChemir should pay to Appellee 521,381 yen and an interest for arrears in a proportion of 5 percent on an annual basis from May 31, 2015 to the paid date.

12 Appellant Wingsense, Appellant Cosme Bose and Appellant NeoChemir should jointly pay to Appellee 12,547,058 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 (with the proviso that from February 28, 2014 with respect to its part 204,692 yen for Appellant Cosme Bose, and from the same date with respect to its part 316,800 yen for Appellant NeoChemir) to the paid date.

(A claim after amendment in this proceeding)

Appellant Wingsense, Appellant Cosme Bose, and Appellant NeoChemir should jointly pay to Appellee 12,547,058 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 (with the proviso that from January 31, 2017 for the Appellant Wingsense) to the paid date.

13 Appellant NeoChemir and Appellant Cosmepro should jointly pay to Appellee 797,419 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 to the paid date.

14 Appellant Clear noir, Appellant Cosmepro, and Appellant NeoChemir should jointly pay to Appellee 21,320,478 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 to the paid date.

(A claim after amendment in this proceeding)

Appellant Clear noir, Appellant Cosmepro, and Appellant NeoChemir should jointly pay to Appellee 21,320,478 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 16, 2016 (with the proviso that from January 31, 2017 for the Appellant Clear noir) to the paid date.

15 Appellant NeoChemir should pay to Appellee 1,598,640 yen and an interest for arrears in a proportion of 5 percent on an annual basis from May 16, 2017 to the paid date.

16 Appellant NeoChemir should pay to Appellee jointly with Appellant Cosmepro before separation 302,672 yen and an interest for arrears in a proportion of 5 percent on an annual basis from January 31, 2011 to the paid date.

17 Appellant Cosmepro and Appellant NeoChemir should jointly pay to Appellee

1,334,002 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 25, 2014 to the paid date.

(A claim after amendment in this proceeding)

Appellant Cosmepro and Appellant NeoChemir should jointly pay to Appellee 1,334,002 yen and an interest for arrears in a proportion of 5 percent on an annual basis from December 25, 2014 (with the proviso that from December 26, 2014 for the Appellant Cosmepro) to the paid date.

Period

List of sales figures and expenses

Product number	Manufacturer and seller	Sales figure	Costs without issue	Costs as Appellants allege		Court's decision	Total amount of expenses
				Expense item	Amount		
Defendant's product 1	Appellant NeoChemir	¥8,810,966	¥2,757,312	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥229,469	¥0	¥2,757,312
	Appellant Cosmepro	¥946,400	¥304,697	Part-time employment cost 512,300 yen [Including the cost for Defendant's products 14, 15, and 18] Outsourcing cost for test and research 378,880 yen Advertisement cost, etc. 3,529,443 yen Sample cost for free distribution 1,222,158 yen Sample cost for distribution in exhibition 736,600 yen		¥0	¥304,697
Defendant's product 2	Appellant NeoChemir	¥12,400,000	¥1,878,600	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥262,397	¥0	¥1,878,600
Defendant's product 3	Appellant NeoChemir	¥3,780,000	¥1,870,029	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥113,530	¥0	¥1,870,029
Defendant's product 4	Appellant NeoChemir	¥14,984,240	¥7,536,238	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥1,158,830	¥0	¥7,536,238
Defendant's product 5	Appellant Airica	¥11,046,320	¥6,283,200	Promotion and advertisement costs	¥3,584,700	¥0	¥6,283,200
	Appellant Chiara Macchiato	¥6,283,200	¥5,187,600	Promotion and advertisement costs	¥1,089,837	¥1,089,837	¥6,277,437
	Appellant NeoChemir	¥1,674,000	¥380,102	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥45,526	¥0	¥380,102
Defendant's product 6	Appellant NeoChemir	¥2,880,000	¥346,900	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥60,783	¥0	¥346,900
Defendant's product 7	Appellant NeoChemir	¥7,008,000	¥988,629	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥156,339	¥0	¥988,629

Defendant's product 8	Appellant NeoChemir	¥110,320,000	¥58,519,431	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥3,177,518	¥0	¥58,519,431
Defendant's product 9	Appellant NeoChemir	¥1,480,308	¥337,020	[Including the cost for Defendant's products 11, 12, and 17] Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥71,369	¥0	¥337,020
Defendant's product 11	Appellant NeoChemir	¥998,112	¥227,239	As per Defendant's product 9		¥0	¥227,239
Defendant's product 12	Appellant NeoChemir	¥613,704	¥139,721	As per Defendant's product 9		¥0	¥139,721
Defendant's product 13	Appellant Wingsense	¥15,609,370	¥8,299,189	Employment cost (Salary from October 2013 to December 2015 for two part-time employees employed for exclusively engaging in Defendant's product 13)	¥4,570,930	¥0	¥8,299,189
	Appellant Cosme Bose	¥1,860,840	¥1,426,713	None			¥1,426,713
	Appellant NeoChemir	¥2,880,000	¥346,900	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥61,329	¥0	¥346,900
Defendant's product 14	Appellant Cosmepro	¥396,540	¥112,509	Part-time employment cost 58,464 yen. The others are as per described in the column "Appellant Cosmepro" of the above Defendant's product 1		¥0	¥112,509
	Appellant NeoChemir	¥590,100	¥149,205	[Including the cost for Defendant's product 18] Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥40,499	¥0	¥149,205
Defendant's product 15	Appellant Clear noir	¥24,196,404	¥13,072,526	Total purchase cost of 1,396,442 yen corresponding to 270 samples and 231 stock articles Promotion and advertisement costs 7,266,793 yen Traveling cost 181,320 yen		¥0	¥13,072,526
	Appellant Cosmepro	¥3,145,791	¥1,075,184	Part-time employment cost 1,098,886 yen The others are as per described in the column "Appellant Cosmepro" of the above Defendant's product 1		¥0	¥1,075,184

	Appellant NeoChemir	¥14,451,650	¥8,263,882	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥453,397	¥0	¥8,263,882
Defendant's product 16	Appellant NeoChemir	¥960,000	¥144,928	Employment cost for R&D Center Researcher (Salary, mandatory welfare expense)	¥34,606	¥0	¥144,928
Defendant's product 17	Appellant NeoChemir	¥279,876	¥63,720	As per Defendant's product 9		¥0	¥63,720
Defendant's product 18	Appellant Cosmepro	¥731,200	¥337,276	Part-time employment cost 92,000 yen The others are as per described in the column "Appellant Cosmepro" of the above Defendant's product 1		¥38,880	¥376,156
	Appellant NeoChemir	¥1,095,900	¥277,095	As per the column of "Appellant NeoChemir" of Defendant's product 14		¥0	¥277,095

List of amount of damage

Product number	Manufacturer and seller	Amount as Appellee claimed		Amount as Court found			
		Amount of damage under the paragraph (2)	Amount of damage under the paragraph (3)	Amount of damage under the paragraph (2)	Amount of damage under the paragraph (3)	Attorney cost	Appellee's damage
Defendant's product 1	Appellant NeoChemir	¥6,053,654	¥881,097	¥6,053,654	¥881,097	¥605,365	¥6,659,019
	Appellant Cosmepro	¥641,703	¥94,640	¥641,703	¥94,640	¥64,170	¥705,873
Defendant's product 2	Appellant NeoChemir	¥10,521,400	¥1,240,000	¥10,521,400	¥1,240,000	¥1,052,140	¥11,573,540
Defendant's product 3	Appellant NeoChemir	¥1,909,971	¥378,000	¥1,909,971	¥378,000	¥190,997	¥2,100,968
Defendant's product 4	Appellant NeoChemir	¥7,448,002	¥1,498,424	¥7,448,002	¥1,498,424	¥744,800	¥8,192,802
Defendant's product 5	Appellant Airica	¥4,763,120	¥1,104,632	¥4,763,120	¥1,104,632	¥476,312	¥5,239,432
	Appellant Chiara Macchiato	¥1,095,600	¥628,320	¥5,763	¥628,320	¥62,832	¥691,152
	Appellant NeoChemir	¥1,293,898	¥167,400	¥1,293,898	¥167,400	¥129,390	¥1,423,288
Defendant's product 6	Appellant NeoChemir	¥2,533,100	¥288,000	¥2,533,100	¥288,000	¥253,310	¥2,786,410
Defendant's product 7	Appellant NeoChemir	¥6,019,371	¥700,800	¥6,019,371	¥700,800	¥601,937	¥6,621,308
Defendant's product 8	Appellant NeoChemir	¥51,800,569	¥11,032,000	¥51,800,569	¥11,032,000	¥5,180,057	¥56,980,626
Defendant's product 9	Appellant NeoChemir	¥1,143,288	¥148,031	¥1,143,288	¥148,031	¥114,328	¥1,257,616
Defendant's product 11	Appellant NeoChemir	¥770,873	¥99,811	¥770,873	¥99,811	¥77,087	¥847,960
Defendant's product 12	Appellant NeoChemir	¥473,983	¥61,370	¥473,983	¥61,370	¥47,398	¥521,381
Defendant's product 13	Appellant Wingsense	¥7,310,181	¥1,673,838	¥7,310,181	¥1,560,937	¥731,018	¥8,041,199
	Appellant Cosme Bose	¥434,127	¥186,084	¥434,127	¥186,084	¥43,413	¥477,540
	Appellant NeoChemir	¥2,533,100	¥288,000	¥2,533,100	¥288,000	¥253,310	¥2,786,410
Defendant's product 14	Appellant Cosmepro	¥284,031	¥39,654	¥284,031	¥39,654	¥28,403	¥312,434
	Appellant NeoChemir	¥440,895	¥59,010	¥440,895	¥59,010	¥44,090	¥484,985

		Amount as Appellee claimed		Amount as Court found			
Product number	Manufacturer and seller	Amount of damage under the paragraph (2)	Amount of damage under the paragraph (3)	Amount of damage under the paragraph (2)	Amount of damage under the paragraph (3)	Attorney cost	Appellee's damage
Defendant's product 15	Appellant Clear noir	¥11,123,878	¥2,419,640	¥11,123,878	¥2,419,640	¥1,112,387	¥12,236,265
	Appellant Cosmepro	¥2,070,607	¥314,579	¥2,070,607	¥314,579	¥207,061	¥2,277,668
	Appellant NeoChemir	¥6,187,768	¥1,445,165	¥6,187,768	¥1,445,165	¥618,777	¥6,806,545
Defendant's product 16	Appellant NeoChemir	¥815,072	¥96,000	¥815,072	¥96,000	¥81,507	¥896,579
Defendant's product 17	Appellant NeoChemir	¥216,156	¥27,988	¥216,156	¥27,988	¥21,616	¥237,772
Defendant's product 18	Appellant Cosmepro	¥393,924	¥73,120	¥355,044	¥73,120	¥35,504	¥390,548
	Appellant NeoChemir	¥818,805	¥109,590	¥818,805	¥109,590	¥81,881	¥900,686