Waste Storage Device Case

Intellectual Property High Court, en Banc

Case H24 (Ne) 10015, Judgment on February 1, 2013

Facts

The plaintiff is a company which is based in England and manufactures baby goods in the course of its business outside of Japan, and is the proprietor of a patent pertaining to an invention entitled "waste storage device." The plaintiff produces cassettes for the waste storage device and the main unit of the waste storage device in England. Combi Corporation, a company not party to this action, has concluded an agreement for general agency with the plaintiff, and imports and sells the cassettes for the waste storage device and the main units of the waste storage device in Japan.

The defendant is a company which manufactures and distributes childcare goods, and imports and sells waste storage cassettes for disposable nappies.

The plaintiff filed an action against the defendant to seek an injunction against the import, sale, and other distribution of the waste storage cassettes for nappies imported and sold by the defendant, disposal of the defendant's product, and compensation for damages, by alleging that such product infringed the plaintiff's patent right.

In the first instance, the court found that the defendant's product falls within the technical scope of the patented invention and infringes on the patent right. With respect to compensation for damages, taking the stance that the application of Article 102, Paragraph (2) of the Patent Act requires a working of the patented invention by the patentee, the court held that the amount of damage may not be presumed pursuant to said paragraph because the plaintiff had not worked the patented invention and permitted damages equivalent to the amount of royalties under paragraph (3) of said Article, a provision that permits an amount equivalent to royalties as the damage amount.

The plaintiff filed an appeal against the amount of damage in the original decision.

Main Issue

With respect to compensation for damages, is it necessary that the patentee work the patented invention in order to be entitled to the application of Article 102, Paragraph (2) of the Patent Act, a provision that presumes the amount of profit earned by the infringer as the amount of damage?

Holding

Approval

Taking into consideration the fact that Article 102, Paragraph (2) of the Patent Act does not contain any wording requiring the working of the patented invention by the patentee, and that said paragraph was provided for the purpose of reducing the difficulty in proving the amount of damage and further that, since said paragraph is merely a presumptive provision, it would be unreasonable to impose especially strict requirements for the application of said paragraph, the act of working the patented invention by the patentee may not be regarded as a requirement for the application of said paragraph.

It should be construed that the application of Article 102, Paragraph (2) of the Patent Act should be allowed where there are any circumstances suggesting the patentee could have gained profits if no patent infringement had been made by the infringer.

Therefore, in this case, regardless of whether the abovementioned act of the plaintiff in the first instance may be regarded as a "working" as provided for in Article 2, Paragraph (3) of the Patent Act, Article 102, Paragraph (2) of the Patent Act may be applied. In addition, this construction would not make the patent right effective outside Japan and therefore would not violate the so-called principle that the laws of the land where an act is committed should apply to it.

Based on these findings, Article 102, Paragraph (2) of the Patent Act may be applied to the calculation of damages sustained by the plaintiff, and therefore, the amount of damages may be presumed under said paragraph.