

Method of searching for Stable Complex Structure Case
(Patentee's Right of Injunction after Granting Exclusive License)
Supreme Court Decision
Case H16 (Uke) No. 997 (June 17, 2005)

HOLDING

Even after granting an exclusive license on a patent (*senyou jisshi ken*, Article 77 of the Patent Law), a patentee may still enforce its right of injunction.

FACTS

The appellee X (plaintiff in the first trial) owns the following patent right ("present patent right").

Patent Number: 2,621,842

Title of Invention: Method of searching for Stable Complex Structure of Biopolymer – Ligand Molecule

Institute A obtained from X an exclusive license under the present patent right for the entire life of the patent within the territory of Japan.

X sued Y (defendant in the lower court, appellant in the Supreme Court) in Tokyo District Court for importing and selling in Japan programs (molecular modeling software products) in the form of CD-ROMs. X sought an injunction, alleging that Y's process for complex searches used in the programs infringes the present patent rights of X and that the media (the CD-ROMs) fall under the category of "goods exclusively used to implement the patented invention."

DISPOSITION IN THE LOWER COURTS

The Tokyo District Court dismissed X's suit, stating that "it is appropriate to consider that Plaintiff X as patentee is prohibited from enforcing its right of injunction when the subject patent is exclusively licensed, because such license limits enforcement of right of injunction only to the exclusive licensee to the extent of the licensee's exclusive right to implement the patented invention."

X appealed the decision to the Tokyo High Court.

The Tokyo High Court reversed the District court decision, stating that "even after granting the exclusive license, the patentee should be able to enforce the right of injunction. "

Y appealed the decision to the Supreme Court.

ISSUE

Whether a patentee can enforce the right of injunction based on his/her present patent right, even after granting an exclusive license on the patent.

HOLDING AND REASONING

The patentee may enforce its right of injunction based on the present patent right

for the following reasons.

A patentee has the right of injunction to stop or prevent infringement of its patent right (Article 100(1) of the Patent Law).

A patentee who grants an exclusive license to the patent loses the right to commercially use (implement) the patented invention to the extent that the exclusive licensee has the right to use the patented invention (Article 68).

The question is whether such patentee also loses the right of injunction under these circumstances.

In literal terms, Article 100(1) of the Patent Law does not provide any ground for the court to find that the patentee's right of injunction should be limited as a result of granting the exclusive license.

Practically, moreover, it is obvious that the patentee has an actual interest in eliminating patent infringement to ensure licensing revenue if there is an agreement that the licensing royalties are paid based on the sales of the exclusive licensee.

If the patent infringement issue is left unresolved, for example, if the patentee is not allowed to pursue an infringement action, the patentee may be disadvantaged. Specifically, in a case where the exclusive license is terminated for some reason, the patentee may start to use the patented invention themselves, and would be disadvantaged if prevented from enforcing their patent rights. Hence, a patentee should be able to enforce its right to seek an injunction based on their original patent rights, which are not extinguished by the granting of an exclusive license.

Based on the foregoing, a patentee does not lose the right to seek an injunction against infringement of its patent even after granting an exclusive license on the patent.