

RECHTSPRECHUNG / JURISPRUDENCE

Judgments on Remunerations for an Employee's Invention

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A recent series of judgments regarding remuneration for the inventions of employees acknowledged a substantial remuneration to employees who make inventions in the course of their work.

Article 35 of the Patent Law¹ provides that for inventions which are made in the course of work, it is possible for the company to agree in advance with the employees that the company has the right to apply for a patent or that the patent right itself is assigned to the company. The employee is entitled to a "reasonable remuneration". The remuneration is determined by taking into account the profit the company can expect and the contribution of the company to the invention. This provision enables the company to secure its right to the invention, while ensuring a reasonable remuneration to the employee-inventor. Many companies have rules on employee invention that provide the company with the right to apply for the patent and the employee with the right to receive some remuneration. The amount of remuneration tends to be rather low, often one-half to one million yen.

There have been some cases where the employee-inventor brought an action in court claiming a larger amount of remuneration. The court determined the "reasonable amount" of remuneration. However, until 2001, the amount granted by the court was not too significant – 12 million yen at the most.²

In recent years, the number of cases where the employee has brought the case to court has increased, and the amount claimed has increased as well. In the celebrated case of the invention of the blue color light-emitting diode (LED), an ex-employee and current professor claimed 20 billion yen.

In April 2003, a case of an ex-employee claiming 52 million yen remuneration for his invention reached the Supreme Court. The Supreme Court granted two million yen to the employee. What was important was that this amount, insignificant as it is in comparison with the claimed amount, was above the amount provided by the company's rules. Thus, regardless of the amount of remuneration set by the company's rules, the employee is entitled to a reasonable remuneration.³

1 *Tokkyo-hō*, Law No. 121/1959 as amended by Law No. 108/2003.

2 Report of the Sub-Committee on the Patent System of the Industrial Structure Council on the Employee's Invention, December 2003 <<http://www.jpo.go.jp>>.

3 Judgment of the Supreme Court, April 22, 2003.