

## **Report Q205**

in the name of the Japanese Group

### **Exhaustion of IPRs in cases of recycling and repair of goods**

#### **Questions**

#### **I) Analysis of the current statutory and case laws**

##### *1) Exhaustion*

*In your country, is exhaustion of IPRs provided either in statutory law or under case law with respect to patents, designs and trademarks? What legal provisions are applicable to exhaustion? What are the conditions under which an exhaustion of IPRs occurs? What are the legal consequences with regard to infringement and the enforcement of IPRs?*

1) Article 68 of the Japanese Patent Act specifies that "A patentee shall have the exclusive right to work the patented invention as a business." Article 2, para.3 of said Act defines "Working" of an invention as the following acts: in the case of an invention of a product, the act of producing, using, transferring or otherwise handling the product (assigning and leasing), exporting, importing, or offering for transfer, etc. (item 1); in the case of an invention of a process, the act of using the process (item 2); in the case of an invention of a process for producing products, the act of using, transferring, exporting, importing, offering for transfer, or otherwise handling products produced by the process (item 3).

Therefore, technically speaking, an act of legally procuring a patented product and reselling it may be regarded as a patent infringement under the Patent Act. Prohibition of such an act would give rise to barriers to the free movement of patented products in the market and would also provide patentees with double, or more protection. In order to prevent these inconveniences, the doctrine of exhaustion of rights is applied based on Supreme Court precedent.

On July 1, 1997, the Supreme Court handed down a judgment (Supreme Court Judgment on July 1, 1997 for the BBS Case (1997(O)No.1988)) on whether the act of legally procuring and reselling a patented product constitutes a patent infringement as follows: The act of legally procuring and reselling a patented product in Japan would not constitute a patent infringement because the patent on the product is considered to have fulfilled its purpose and become "exhausted." Therefore, it is interpreted that the patentee is prohibited from exercising the patent on the product against any party using, transferring or otherwise handling the patented product.

In the case of an invention of a process, the issue of exhaustion does not usually arise. In the case of a patent on an invention of a process to produce products, as is the case with a patent on a product, if products produced by the process are legally distributed by the patentee, etc., the patent on the process will be considered to have become exhausted. Article 12, para.3 of the Act Concerning the Circuit Layout of a Semiconductor Integrated Circuit and Article 21, para.4 of the Plant Variety Protection and Seed Act explicitly specify that a right holder shall lose the right to a subject matter once he/she legally transfers it. In short, these provisions explicitly specify the exhaustion of rights. Without these provisions, the

right holder's consent would be required before every transfer, impeding the free movement of the subject matter. This would result in providing the right holder with double, or more protection, which is unnecessary.

On the other hand, the Design Act does not have a provision that specifies the exhaustion of a design right upon legal transfer, etc. However, as is the case with a patent, if a third party legally procures and resells a product embodying a design right, the design right is considered to become exhausted.

In contrast, a trademark does not become exhausted upon the first transfer, etc., because it has a function of indicating the source of the trademarked product, etc., and guaranteeing the quality over the course of product circulation. The act of replacing a trademark or replacing the contents of a trademarked product with something else is considered to be a trademark infringement because such an act damages the source-indicating and quality-guaranteeing functions of the trademark.

2) The aforementioned interpretation of patent exhaustion applies only to the case where a patented product itself is transferred or otherwise handled. This section addresses the case where a patented product has undergone some processing or part replacement. Regarding such a case, the Japanese Supreme Court's interpretation is as follows (Supreme Court Judgment on November 8, 2007 for the Ink Cartridge Case (2006(Ju)No.826)):

"If a patentee, etc., transfers a patented product in Japan, the patent right is considered to become exhausted as far as the patented product is concerned. As a result, the patentee is prohibited from exercising the patent right on the product. However, in the case where the patented product has undergone some processing or part replacement, if this is considered as the "new production" of a product embodying the patent that is no longer identical with the original product, the patentee is permitted to exercise the patent on the newly produced product.

A judgment as to whether some processing or part replacement may be considered as "new production" is made based on a comprehensive evaluation of various factors such as the characteristics of the patented product, the nature of the patented invention, the type of processing and part replacement, the circumstances of transaction, etc.

The characteristics of a patented product consist of such factors as the functions, structure, material, use, durability period, and purpose of use of the product. The type of processing and part replacement consists of such factors as the state of the patented product after the processing, the method and extent of processing, the durability period of the replaced part(s), and the technical functions and economic value of the replaced part(s) in relation to the entire patented product. When a court judges whether a patent right has been exhausted or not in consideration of the substance of a patented invention, the court must identify the essence of the technical idea indispensable for the patented invention's problem-solving capability. Any processing or part replacement that allows a patented product that has lost this essence of the invention to regain the essence and practical value, allowing the product to newly produce an effect of the invention, shall be regarded as the new production of a product embodying the patent that is no longer identical with the original product. Consequently, the patentee may exercise the patent on the product."

In sum, while Japan generally recognizes the exhaustion of a patent for recycled or repaired goods, courts consider a patent on goods to remain unexhausted if their recycling or repair is regarded as the "new production" of goods embodying the patent that are no longer identical with the original goods. In making a judgment as to whether "new production" occurs, the court takes into consideration the characteristics of the patented product, the nature of the patented invention, the type of processing and part replacement, and the circumstances of transaction. The nature of the patented invention is examined with special attention to the essence of the invention.

If a recycled or repaired product embodying a patent infringes the patent right, the patentee may, as is the case with a regular case of infringement, exercise, based on the patent right, the right to demand an injunction, damages and the restitution of unjust enrichment.

2) *International or national exhaustion*

*Does the law in your country apply international exhaustion for patents, designs or trademarks? If yes, are there any additional conditions for international exhaustion compared to regional or national exhaustion, such as a lack of marking on products that they are designated only for sale in a specific region or country or the non-existence of any contractual restrictions on dealers not to export products out of a certain region? What is the effect of breach of contractual restrictions by a purchaser?*

*If your law does not apply international exhaustion, is there regional exhaustion or is exhaustion limited to the territory of your country?*

*In case your country applies regional or national exhaustion, who has the burden of proof regarding the origin of the products and other prerequisites for exhaustion and to what extent?*

1) As described earlier, Article 68 of the Japanese Patent Act specifies that "A patentee shall have the exclusive right to work the patented invention as a business." Article 2, para.3 of said Act defines "Working" of an invention as the following acts: in the case of an invention of a product, the act of importing the product (item 1); in the case of an invention of a process for producing products, the act of importing products produced by the process (item 3). Therefore, it is technically interpreted under the Patent Act that the import of any patented product, even if it is genuine, always constitutes a patent infringement.

However, in practice, as explained in section 1) above, Japan's stance on "national exhaustion" is that, once a patented product is legally distributed in Japan by the patentee, etc., the act of reselling the product would not constitute a patent infringement because the patent has already become exhausted – unless the act is considered as the "new production" of a product embodying the patent.

On the other hand, disputes over "international exhaustion" were ended when the Japanese Supreme Court handed down a judgment on the BBS Case, holding that, while the international exhaustion doctrine was generally inapplicable, the parallel importation of goods was permissible unless the parties concerned agreed to exclude Japan from the countries and regions where the goods were to be sold or used and explicitly indicated to that effect on the goods.

A summary of the Supreme Court judgment for the BBS Case is as follows:

"National exhaustion must be discussed separately from international exhaustion. This is because, in the country where a transfer of a patented product has taken place, the patentee does not necessarily have the corresponding patent on the invention. Furthermore, such a transfer in another country does not necessarily cause patent exhaustion. In a case where the patentee has a corresponding patent in the country where the transfer has taken place, even if the patentee exercises the patent on the patented product imported in parallel, it does not necessarily mean that the patentee profited twice from the same patent. In today's world, where international commercial transactions have become increasingly active and sophisticated, every effort should be made to ensure the freedom of commodity circulation. Since the transferor of products, who has assigned all the rights to the products, is capable of predicting that the transferee or a subsequent transferee might import the products to Japan, the transferor is prohibited from exercising the patent on the products in Japan unless the parties concerned have agreed to exclude Japan from the countries and regions where the products are to be sold or used and have explicitly indicated to that effect on the products. If

a patentee transfers goods embodying the patent outside Japan without any restrictions, the transferor should be considered to have implicitly provided the transferee and a subsequent transferee with the right to control the goods in Japan without patent restrictions.”

In sum, if any person who is identical or deemed identical to a patentee in Japan transfers goods embodying the patent outside Japan, the patentee is prohibited from exercising the patent on the patented goods imported in parallel to Japan, unless the patentee and transferee have agreed to exclude Japan from the countries and regions where the goods are to be sold or used and have explicitly indicated to that effect on the goods.

The international exhaustion doctrine would be applied to this case if the following requirements are met:

- i) The imported goods must be genuine;
- ii) The patentee has legally and voluntarily put the goods into circulation;
- iii) The patentee in Japan and the person in another country who has put the goods embodying the patent into circulation must be identical or deemed to be identical; and
- iv) The possession of a corresponding patent in such other country must be interpreted as unnecessary.

These are the issues related to international exhaustion that would arise in connection with the parallel importation of patented goods.

2) This question is about the applicability of the international exhaustion doctrine to the case of parallel importation of recycled or repaired goods.

The following is a summary of the judgment handed down by the Japanese Supreme Court in the Ink Cartridge Case, where international exhaustion of recycled or repaired goods embodying a patent was at issue.

“In a case where a patentee, etc., in Japan transfers patented goods outside Japan, if the goods undergo some processing or part replacement that may be considered as the new production of a product embodying the patent that is no longer identical with the original product, the patentee should be permitted to exercise the patent on the patented product in Japan. A judgment as to whether such processing or part replacement may be regarded as the new production of a product embodying the patent should be made based on the same criteria as those used in the case of national exhaustion.”

In short, the court concluded that international exhaustion should not be treated differently from national exhaustion just because the transfer takes place outside Japan. The applicability of the exhaustion doctrine to a patent should be determined depending on whether a product embodying the patent has been “newly produced.” As long as a product embodying the patent is “newly produced,” the patentee may exercise the patent regardless of whether the transfer takes place in or outside Japan.

This interpretation of patent exhaustion applies to designs. In the case of trademark rights, there is a precedent that approved parallel importation. This judgment is supported by academic theories.

3) The “regional exhaustion” doctrine is not applicable in Japan. However, in conformity with the compulsory provisions, a patentee may sell patented goods on the condition that the purchaser will not resell the goods in any regions outside the prescribed regions. In such a case, the patent might appear unexhausted between the parties. The effect of the patent is solely produced by the mutual agreement between the two. Therefore, the patent is not effective against third parties.

As the issue of patent exhaustion is primarily about the Patent Act, which defines the scope of patent rights mostly from a political perspective, individual patentees' intents and contractual restrictions have no direct control over the scope of patents.

3) *Implied license*

*Does the theory of implied license have any place in the laws of your country? If so, what differences should be noted between the two concepts of exhaustion and implied license?*

In Japan, the theory of implied license has not established its place in the legal system. At least, no courts have adopted the theory of implied license to prohibit a patentee from exercising a patent. In the Ink Cartridge Case, the Supreme Court held that a judgment as to whether a patent has been exhausted should be made based on a comprehensive evaluation of various factors including the circumstances of transaction. This suggests that courts may take into consideration the matters evaluated under the theory of implied license (matters that may be explained only as an agreement between the parties concerned).

Prior to the aforementioned Supreme Court judgment, there is a precedent where the court judged as follows:

If a patentee or a party licensed by the patentee transfers goods embodying the patent to a third party in Japan, the patent on the patented goods will become exhausted, preventing the patentee from exercising the patent against any use, transfer or lease of the patented goods. One of the reasons for adopting the exhaustion doctrine is as follows. As a business practice, the transferor of goods transfers all the rights to the goods to the transferee, who consequently obtains all the rights that the transferor used to have on the goods. The same applies to the market circulation of patented goods. The patentee transfers patented goods in anticipation that the transferee will acquire the right to freely use and retransfer the goods in commerce without fear of committing a patent infringement. If the patentee's approval was required at every occasion of transferring goods embodying the patent, it would hinder free commodity circulation. The disrupted circulation of patented goods would damage the interests of the patentee itself, going against the ultimate purpose of the Patent Act, namely "encouraging inventions and thereby contributing to the development of industry through promoting the protection and the utilization of inventions" (Article 1 of the Patent Act) (Judgment of the Third Petty Bench of the Supreme Court on July 1, 1997).

This judgment suggests that the defendant's claim of implied license will be taken into account in determining whether the patent in question has been exhausted. Therefore, the terms "patent exhaustion" and "implied license" are simply different ways of expressing the reason for prohibiting the patentee from exercising the patent." (Tokyo District Court Judgment on April 24, 2007 for the Film-Incorporated Camera Unit Case).

In Japan, we do not have a precedent where the patentee of a manufacturing process sells manufacturing equipment to be used in the process. If there were such a case, the theory of implied license may be applicable.

4) *Repair of products protected by patents or designs*

*Under what conditions is a repair of patented or design-protected products permitted under your national law? What factors should be considered and weighed? Does your law provide for a specific definition of the term "repair" in this context?*

1) Japan does not have a legal provision regarding "repair." Therefore, we have no legal definition for the term.

The term "repair" is interpreted based on the judgments handed down in past cases concerning infringements and exhaustion and also on academic theories regarding the working of an

invention (Article 2, para.3 of the Patent Act) or a design (Article 2, para.3 of the Design Act).

2) There is a precedent (Tokyo High Court Judgment on November 29, 2001 for the Aciclovir Case), for example, where the court held as follows when referring to “repair” in contrast to “new production”:

“In a case where a patentee transfers goods embodying the patent, even if the transferee repairs or otherwise alters the goods for the purpose of using or retransferring the goods in commerce, the patentee may not exercise the patent on such an act of repairing or otherwise altering the goods because such an act may not be regarded as the new production of goods embodying the patent. For example, regardless of whether the act of repairing, etc. consists of the replacement of a part not included in the patented invention or the replacement of a component of the patented invention, as long as the act consists of the replacement of a part usually necessary for the continuous use of the goods (typical cases involve, but are not limited to, the replacement of consumables such as batteries, filters or short-lived parts), such an act is considered necessary to let the goods complete their product lifetime by ensuring the continuous use of the goods and the retransfer thereof as used goods. Such an act of repair, etc. is considered non-infringing as long as the goods remain identical before and after the act.”

3) Generally speaking, the “repair of patented or design-protected products” is considered permissible so far as it is required to let the products maintain and recover the function (operation) for which they were originally put into market circulation. In principle, the act of repairing those products must be different from “production” specified in Article 2, para.3 of the Patent Act or “manufacturing” specified in Article 2, para.3 of the Design Act. Furthermore, the act of repairing must be different from the “new production” of products embodying the patent or design right.

More specifically, “repair” must be made without damaging the identity of the patented goods that have been put into market circulation by the patentee (Film-Incorporated Camera Unit Case). Any act of removing a major component that constitutes the essence of a patented invention or design creation, replacing the component with a new part, overhauling the patented parts of a product, or replacing important patented parts with something else, is considered to go beyond the permissible scope of repair. On the other hand, the replacement of a battery or filter inside an electric product or the replacement of a part that is short-lived relative to other parts of the product (such as an electric bulb of an electric device or the waterproof packing of a device for underwater use), or the replacement of a damaged part, is considered to be within the scope of “repair” because such an act would not damage the identity of the product.

4) The following are the major factors that should be taken into consideration in judging whether a certain act should be regarded as “repair” or “new production”:

- i) Social norms and business practices;
- ii) Objective analysis of the characteristics and purpose of use of the patented product and the manner of exploitation of the patent;
- iii) Identity of the product (a comparison with the patented product originally put into the market);
- iv) Identity of the manner of exploitation (a comparison with the patented product originally put into the market);
- v) Whether the replacement of a part of a patented product with a new one constitutes an alteration of the essence of the patented invention;
- vi) Whether the act may be considered as the mere replacement of consumables;

- vii) Whether the act may be considered as the overhaul of the patented parts; and
- viii) Whether the act may be considered as the replacement of an important patented part.

The district court stated in its judgment for the Ink Cartridge Case that "A judgment as to whether a certain act should be regarded as new production or mere repair should be made based on a comprehensive evaluation of various factors such as the objective characteristics of the patented product – including its functions, structure, material and purpose of use – as well as the nature of the patented invention, regular way of using the patented product, the extent of processing that the product has undergone, the circumstances of transaction, etc."

5) It is extremely difficult to set fixed criteria for drawing a line between "repair" and "new production" (exploitation) and to define these in terms of scope and conditions. Before making such a judgment, thorough examination is necessary on a case-by-case basis.

#### 5) *Recycling of products protected by patents or designs*

*Under what conditions is a recycling of patented or design-protected products permitted under your national law? What factors should be considered and weighed? Does your law provide for a specific definition of the term "recycling" in this context?*

1) In a case where the recycling of a patented product is permitted

The Patent Act does not have a provision concerning recycling (the term "recycling" used in this question is interpreted as the "reuse" of a patented product after it loses its utility). Exhaustion of a patented product was at issue in the Ink Cartridge Case, where the Supreme Court set the criteria for patent exhaustion. The court held that the recycling of a patented product is permitted "unless the processing or part replacement performed on a patented product transferred by the patentee, etc. in Japan is considered to be the new production of a product embodying the patent that is no longer identical with the original product."

2) Criteria for judging whether recycling is permissible

As mentioned above, a judgment as to whether the processing or part replacement may be considered as the "new production of a product embodying the patent" should be made based on a comprehensive evaluation of various factors such as the characteristics of the patented product, the nature of the patented invention, the type of processing and part replacement, the circumstances of transaction, etc. In analyzing the characteristics of the patented product, the court takes the following factors into account: the functions, structure, material, purpose of use, durability period and the manner of use. In analyzing the type of processing and part replacement, the court takes the following factors into account: the state of the patented product at the time of processing, etc., the method and extent of processing, the durability period of the replaced part, and the technical functions and economic value of the part in relation to the entire patented product" (Supreme Court Judgment for the Ink Cartridge Case).

3) Definition of "recycling"

No statutory laws and court judgments have defined the term "recycling."

4) Designs

The Design Act does not have a provision concerning recycled goods. There is no Supreme Court precedent on the issue either. The interpretation shown in the aforementioned precedent on a patented invention may be applied to designs.

There is a lower court precedent on this issue. The Tokyo District Court handed down a judgment for the Film-Incorporated Camera Unit Case on August 31, 2000. In the judgment, the court held that, in principle, a patent on goods would become exhausted upon the transfer of the goods outside Japan because the patent has achieved its purpose. In special cases, however, the patentee may exercise the patent. The court also held that "This interpretation shall apply not only to patents but also to designs." The district court handed down a judgment

on June 6, 2000 for the Film-Incorporated Camera Unit Case where a provisional disposition was demanded, presenting a similar interpretation with regard to the exercise of design rights.

6) *Products bearing trademarks*

*Concerning the repair or recycling of products such as reuse of articles with a protected trademark (see the examples hereabove), has your national law or practice established specific principles? Are there any special issues or case law that govern the exhaustion of trademark rights in your country in case of repair or recycling?*

1) We do not have any statutory laws specifically for the repair or recycling of products such as the reuse of articles with a protected trademark.

Such an issue has been disputed under the Trademark Act as well as the Patent Act and the Design Act. The relevant precedents include the Tokyo High Court Judgment on August 31, 2004 for the Lithograph Case and the Tokyo High Court Judgment on January 13, 2005 for the Brother Case.

The Lithograph Case is a case where the plaintiff, who was engaged in the manufacturing and sale of printers, filed a lawsuit against a recycling company that was engaged in the business of collecting used ink bottles for the printers and refilling and reselling them, based on the allegation that the defendant infringed the plaintiff's trademark right because the defendant had sold the recycled bottles without removing the plaintiff's registered trademark placed thereon. The Tokyo District Court ruled in favor of the recycling company by holding that the defendant's act did not damage the source-indicating function of the plaintiff's trademark and should therefore be regarded as a non-trademark use of the mark, since the defendant merely sold recycled bottles to the users from whom the defendant had collected the bottles. Dissatisfied, the plaintiff appealed to the Tokyo High Court. The court newly found that some purchasers of the recycled bottles did not know that the recycled goods had been produced by a third party without the plaintiff's consent, and ruled in favor of the plaintiff.

The Brother Case is a case where the plaintiff, who was engaged in the manufacturing and sale of printers, instituted a lawsuit against a recycling company that was engaged in the business of refilling and selling replacement ink ribbons for the printers, based on the allegation that the defendant infringed the plaintiff's registered trademark because the defendant sold the ink ribbons packaged in boxes bearing the trademark, indicating that the origin of the product was the plaintiff. Both the Tokyo District Court and Tokyo High Court ruled in favor of the recycling company by holding that such sale of recycled goods shall be regarded as a non-trademark use of the mark.

In the Brother Case, in determining whether the defendant's act of producing and selling replacement ink ribbons packaged in boxes bearing the plaintiff's registered trademark should be regarded as the "use" of the trademark in the sense specified in the Trademark Act (all the items of Article 2, para.3 of the Trademark Act, Article 37, item 1 of said Act), the lower court used the fact that "it is a common practice to indicate compatible printer types in order to prevent consumers from mistakenly purchasing incompatible products" as the grounds for considering the defendant's act as a non-trademark use of the mark.

2) From the perspective of the source-indicating function, which is a major function of trademarks, a court would use a disclaimer, if any, placed on goods to notify consumers that the goods are not the plaintiff's product as one of the grounds for finding the defendant's act as non-infringing of the plaintiff's trademark. In contrast, from the perspective that the source-indicating function could cause "confusion after purchase (so-called post-sales confusion theory)," said function could be used as one of the grounds for finding the defendant's act



as infringing the plaintiff's trademark. Recently, this theory was used by a lower court to formulate a judgment (Tokyo District Court Judgment on May 16, 2007 for the ELLEGARDEN Case).

Trademarks are lagging behind patents and designs in terms of the identification of specific issues and the establishment of case laws that govern the exhaustion of rights in case of repair or recycling. Regarding exhaustion of trademarks, there is a precedent where a lower court held as follows, although the case was not directly about repair or recycling.

First of all, even in the case of genuine goods, if any party other than the trademark holder or a licensee alters them to more than a certain degree, the party's act may be considered as a trademark infringement. For example, there was a dispute over whether the act of producing and selling golf clubs consisting of golf club heads bearing a registered trademark attached to shafts manufactured by a third party may be regarded as the act of selling genuine goods and therefore legal. Based on the facts found as described above, a lower court judged that "The above-described golf clubs, which greatly differ from those produced by the trademark holder in terms of quality, form, etc., have damaged the source-indicating and quality-guaranteeing functions of the registered trademark. Therefore, the defendant's act should be regarded as illegal" (Tokyo District Court Judgment on December 25, 1998 for the Caraway Case, which was followed by the Tokyo High Court appeal judgment on April 25, 2000).

Another lower court presented the interpretation that "Under the exhaustion doctrine, the use of a trademark is considered legal or not damaging as long as the goods in question were once put into circulation voluntarily by the trademark holder, or a person with equivalent status" (Tokyo High Court Judgment on April 24, 2000 for the Caraway Case).

7) *IPR owners' intention and contractual restrictions*

a) *In determining whether recycling or repair of a patented product is permissible or not, does the express intention of the IPR owner play any role? For example, is it considered meaningful for the purpose of preventing the exhaustion of patent rights to have a marking stating that the product is to be used only once and disposed or returned after one-time use?*

The Supreme Court stated in its judgment for the Ink Cartridge Case that a judgment as to whether the act of recycling or repair of a patented product is permissible should be made based on a comprehensive evaluation of various factors such as the objective characteristics of the patented product – including its functions, structure, material and purpose of use – as well as the nature of the patented invention, regular way of using the patented product, the extent of processing that the product has undergone, the circumstances of transaction, etc.

The Supreme Court did not explain what exactly the "circumstances of transaction" meant, while the court found the following facts:

- The packages, etc. of the ink cartridges sold by the patentee bore a notice that the ink cartridge was disposable;
- The plaintiff recommended in its manual and website that customers use new ink cartridges; and
- The plaintiff asked users to let it collect their used ink cartridges.

Based on these facts, the Supreme Court found that the defendant's act of recycling the products is the act of "replenishing the patented product so that the product can regain the structure that is essential to the invention." Based on a "comprehensive evaluation of the aforementioned various factors, including the circumstances of transaction of

ink tanks," the Supreme Court judged that the plaintiff's patent was not exhausted and therefore that the patentee may exercise the patent.

As described above, the IPR owner's intention is likely to become one of the important "circumstances of transaction" to be taken into consideration in determining whether the act of recycling or repairing patented goods is permissible (whether the patent has been exhausted or not). The likelihood will be affected by the precedents to be accumulated in the future, the trend of academic theories, and changes in the interpretation widely accepted in society.

- b) *What would be conditions for such kind of intentions to be considered?*

The same as mentioned in section a) above.

- c) *How decisive are other contractual restrictions in determining whether repair or recycling is permissible? For example, if a license agreement restricts the territory where a licensee can sell or ship products, a patentee may stop sale or shipment of those products by third parties outside the designated territory based on his patents. What would be the conditions for such restrictions to be valid?*

Under the principle of private autonomy, it is permitted to conclude a license agreement that imposes certain restrictions on the sales price, production volume, sales volume, sales destinations, sales territories, etc. of patented products, etc., as long as such restrictions are legitimate and in conformity with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (the Antimonopoly Act). Therefore, if a license agreement explicitly restricts the act of repairing or recycling patented goods, such restrictions are binding on the licensee who is the party to the agreement. In this sense, contractual restrictions have a great effect on the licensor and the licensee who are subject to the agreement.

However, contractual restrictions are not binding on third parties. For instance, even if a license agreement restricts the territories where the licensee is permitted to sell or ship recycled products, a third party may legally sell or ship the products outside the restricted territory as long as the patent on the products is considered to be exhausted.

- d) *Are there any other objective criteria that play a role besides or instead of factors such as the patentee's intention or contractual restrictions?*

As explained in section a) above, the Supreme Court stated that a judgment as to whether the act of recycling or repair of a patented product is permissible should be made based on a comprehensive evaluation of various factors such as the objective characteristics of the patented product – including its functions, structure, material and purpose of use – as well as the nature of the patented invention, regular way of using the patented product, the extent of processing that the product has undergone, the circumstances of transaction, etc.

- e) *How does the situation and legal assessment differ in the case of designs or trademarks?*

The legal assessment method for patents would be applicable to designs as long as the circumstances are the same. Regarding trademarks, please refer to our answer described in section 6) above.

- 8) *Antitrust considerations*

*According to your national law, do antitrust considerations play any role in allowing third parties to recycle or repair products which are patented or protected by designs or which bear trademarks?*

#### 1) Relationship between exhaustion and the Antimonopoly Act

A third party's act of recycling or repairing a product for which a patent has been granted (hereinafter referred to as "patented product") does not constitute a patent infringement as long as such an act is found as "repair" under the relevant law. This is because the patent has already been exhausted. However, such an act would be regarded as a patent infringement under the Patent Act in an exceptional case where the patent remains unexhausted because the act produces a new product embodying the patent that is no longer identical with the original product, etc. which was transferred from the patentee to the third party – in other words, in a case where the act is legally regarded as "new production." In this context, "a judgment as to whether a certain act constitutes 'new production' should be made based on a comprehensive evaluation of various factors, such as the objective characteristics of the patented product including its functions, structure, material and purpose of use, as well as the nature of the patented invention, regular way of using the patented product, the extent of processing that the product has undergone, the circumstances of transaction, etc." (the Ink Cartridge Case). This suggests that such judgment is made based primarily on the characteristics of the patented product and patented invention. For this reason, antitrust considerations concerning the status of the patentee in the market related to the patented product in question and the competitive relationships among rival companies do not directly determine whether a certain act should be regarded as a patent infringement, which depends on whether the patent is exhausted.

Generally speaking, a patentee's act of imposing direct and indirect restrictions on a third party's act of recycling or repairing products embodying the patent could be found by a court to be an anti-competitive act if the patentee leads and dominates the market. In this case, the patentee's act could be restricted under the Antimonopoly Act, which is a compulsory law.

In Japan, there are no precedents where the court found a patentee's act of directly or indirectly restricting a third party's act of recycling or repairing products embodying the patent to be a violation of the Antimonopoly Act.

2) In cases where a patent is considered to be exhausted because the act of recycling or repairing a patented product may not be regarded as "new production" under the relevant law.

In the case of a product embodying a patent that became nationally exhausted upon the first-time transfer conducted by the patentee in a legal manner, a third party's act of repairing the product would not constitute a patent infringement unless that third party's act is considered as "new production." Therefore, in this case, the patentee is not permitted to prohibit the third party from recycling or repairing the patented product by exercising the patent against the third party.

Regarding the sale of products in general, the Japan Fair Trade Commission presented its stance on the placement of an IC chip on a toner cartridge put in a printer and the use of recycled toner cartridges as follows:

"Recently, it has become increasingly common for printer makers to place an IC chip on a toner cartridge (hereinafter "cartridge") designed to be put in a laser printer. The fact that a laser printer maker produces cartridges each bearing an IC chip for the purpose of improving the quality and performance of its products does not raise any issues under the Antimonopoly Act. However, it could be considered as a violation of said Act (a violation of item 10 (Tie-in Sales etc.) and item 15 (Interference with a Competitor's Transactions) of Article 19 (Unfair Trade Practices)) if a printer maker prevents users from using recycled products without any legitimate reasons such as technical necessity or by taking such extreme measures as:

- i) preventing the use of recycled cartridges by enciphering the information recorded on the IC chip placed on each of them or by making it difficult to rewrite the information;

- ii) recording information such as the depletion of toner in the cartridge in the IC chip and using the record to stop operation of the laser printer or to make some of the printer functions unavailable when a recycled cartridge is inserted in the printer; or
- iii) complicating the laser printer's system of controlling the IC chip or frequently changing the system in an attempt to prevent the use of recycled cartridges."

In some cases, the act of recycling is conducted jointly by companies. For example, companies (suppliers of patented products) including the patentee sometimes jointly establish a recycling system. Such corporate joint efforts to establish a recycling system themselves are found commendable and supported by the Basic Law for Establishing a Recycling-Based Society. These joint efforts do not usually raise any issues under the Antimonopoly Act, but they could be considered a violation of said Act if they damage the competitive order in the product market or the recycling market (Guidelines Concerning Joint Activities for Recycling under the Antimonopoly Act, June 26, 2001).

The Working Guideline (16) specifically defines the term "recycling" that is at issue in the present AIPPI question by stating that "the term 'recycling' may be tentatively defined as the act of reusing a product after its first use, instead of reducing it to raw materials." It should be noted that any act considered as "reusing" in the above-mentioned Guidelines is defined by the term "recycling" in the Working Guideline. The present AIPPI question specifically excludes any act which is generally considered as "recycling" from the definition.

The above-mentioned "Guidelines Concerning Joint Activities for Recycling under the Antimonopoly Act" are published based on the Basic Law for Establishing a Recycling-Based Society.

It is described in "Introduction" of the said Guidelines that "it is an urgent task to move away from the mass production-consumption-disposal cycle in the economic system and to form and promote a recycling-based society founded on the three principles of reduce, reuse and recycle. ... However, in many cases, activities toward recycling, etc. are characterized with low incentive for entrepreneurs because they require continuous additional concomitant costs on the part of entrepreneurs, and do not necessarily lead to direct benefits for individual entrepreneurs". In light of the said description, the definition of "recycling" specified in the above-mentioned "Guidelines Concerning Joint Activities for Recycling under the Antimonopoly Act" is different from (wider than) that of "recycling" at issue in the present AIPPI question.

### 3) Guidelines Concerning the Use of Intellectual Property under the Antimonopoly Act

Even in the case of a patented product whose patent became nationally exhausted upon the first-time transfer conducted by the patentee in a legal manner, if a third party "newly produces" a new product embodying the patent that is no longer identical with the original product, the third party's act will constitute a patent infringement. In this case, the patentee may exercise the patent to prohibit the third party from recycling or repairing the patented product.

The above-mentioned Guidelines do not refer particularly to "recycling". However, in general, when the patentee's exercise of the patent right against any patent infringement is regarded as a violation of the Antimonopoly Act even if the patentee is entitled to do so under the Patent Act, the patentee will be prohibited from exercising the patent under the Antimonopoly Act, which is a compulsory law. This will consequently allow third parties to recycle or repair products embodying the patent.

### 4) In the case of a design-protected or trademarked product

As is the case with patented products, the exhaustion doctrine applies to a third party's act of recycling or repairing design-protected products as described in section 5) above. However, even in the case of a product embodying a design right that became exhausted at the first-time transfer conducted by the design right holder in a legal manner, if the third

party's act of recycling or repairing the product is regarded as the "new production" of a new product embodying the design right that is no longer identical with the original product, such recycling or repairing constitutes a design violation. Therefore, in this case, the design right holder may exercise the design right against the third party in principle in order to prohibit the third party from recycling or repairing products embodying the design. If such exercise of the design right is considered to be an abusive use of the right that is likely to hinder healthy competition or impede fair competition, the act of exercising the right will be prohibited under the Antimonopoly Act, which is a compulsory law, as described in section (3) above.

After recycling or repairing a product bearing a registered trademark, if a third party places a trademark on the recycled or repaired product or the package thereof, the act of placing a trademark would constitute a trademark infringement as long as the placement of the trademark is regarded as a trademark use of the mark that is likely to confuse consumers about the source of the product and mislead them about the product's quality. In this case, the trademark holder may prohibit the third party from placing the trademark unless such prohibition is regarded as the abusive exercise of a right.

9) *Other factors to be considered*

*In the opinion of your Group, what factors, besides those mentioned in the Discussion section above, should be considered in order to reach a good policy balance between appropriate IP protection and public interest?*

While not directly related to the exhaustion doctrine, it would be useful to examine the recycling laws in various countries. Japan has established such recycling laws (in a broad sense) as follows: the Act on the Promotion of Effective Utilization of Resources, the Fundamental Act for Establishing a Sound Material-Cycle Society, the Waste Management and Public Cleansing Act, etc. For instance, copy machine makers are required to use recycled resources and parts (Article 15 of the Act on the Promotion of Effective Utilization of Resources and Article 2 of the Enforcement Order for the Act on the Promotion of Effective Utilization of Resources).

In Europe, recycling is governed by the Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (WEEE). For example, copy machine makers are required to design products in consideration of subsequent disassembling and recycling. The rates of component, material and substance reuse and recycling shall be at least 65%.

In the United States, each state has its own recycling laws. For instance, in the State of California, CRT-based TVs of 4 inches or larger are required to be recycled. The Environmental Protection Agency (EPA) organizes recycling activities called e-Cycle to promote the recycling of discarded electric and electronic parts.

In China, the legislative process for the establishment of the "Law on the Collection and Use of Discarded Home Appliances" has been underway based on the "10-5" Plan for Collection and Use of Recycled Resources. In South Korea, manufacturers are required to design easily-recyclable products under the laws promoting resource conservation and recycling.

From the perspective of CSR (Corporate Social Responsibility), which has been becoming increasingly important recently, companies are required to consider their influence on the environment and demonstrate integrity in dealing with users of their products and services. Companies are encouraged to take the LCA (Life Cycle Assessment) approach and develop products in such a way that the resulting waste is reduced, reused, recycled and easily treated (please refer to the Keidanren Appeal on Environment).

The policies on international circulation of recycled goods differ from one country to another. Some countries prohibit the importation of recycled goods in order to protect their domestic industries. For example, the Philippines and China prohibit the importation of used clothes. China also prohibits the importation of used electronic devices.

10) *Interface with copyrights or unfair competition*

*While the present Question is limited to patents, designs, and trademarks as noted in the Introduction above, does your Group have any comments with respect to the relationship between patent or design protection and copyrights or between trademarks and unfair competition relative to exhaustion and the repair and recycling of goods?*

In Japan, there is a Supreme Court precedent on exhaustion of copyright (Supreme Court Judgment on April 25, 2002 for the Used Video Game Software Case). In the judgment for this case, the Supreme Court presented its interpretation of the right to transfer to the public copies of a cinematographic work for use in home video game consoles. In this case, the plaintiffs, who were the copyright holders of a video game software product, instituted a lawsuit against a company that had been engaged in the business of purchasing from software users the software products that had been sold legally to the users from the plaintiffs and had been played by them, and then selling these products as used software. The plaintiffs demanded an injunction against the defendant's sale of the products based on their distribution right, which copyright holders are considered to be entitled to exercise on their cinematographic works. This case was brought before a district court, high court, and finally the Supreme Court, which ruled in favor of the seller of used software by holding that the right to the reproductions of a work became exhausted upon the first-time legal transfer thereof, and therefore that the copyright holder may not exercise the copyright against the act of retransferring the reproductions for any purpose other than that of presenting the reproductions to the public.

However, this precedent is not directly related to the present question, because this is a case where software products sold by the copyright holder were circulated by a third party without making any alterations to the products and where the issue of repair or recycling of products was not involved. The Supreme Court's interpretation given in its judgment for the Ink Cartridge Case, which addressed the issue of exhaustion and the issue of repair or recycling of products, may be cited by a court that is handling a similar dispute over a copyright. However, it is uncertain whether the exact same interpretation will be applied to a future case.

From the perspective of the Antimonopoly Act, the act of causing confusion about the source of products, etc. raises an issue for further discussion. Article 2, para.1, item 1 of said Act applies to a case where the use of an allegedly infringing indication, which is similar to a well-known indication of goods or business, causes confusion about the source of goods or business. Said Article is in line with the Trademark Act in terms of purpose and functions. For instance, the Article aims to prevent confusion about the source of goods or business. In most cases, however, the goods in question do not have any indication other than the registered trademark that is likely to cause such confusion. Furthermore, it is rare for the goods to have particularly unusual forms. For these reasons, a court dealing with a dispute over the issue of exhaustion raised in the context of the repair and recycling of goods is less likely to apply the Unfair Competition Prevention Act than it would when dealing with a dispute over a trademark (Tokyo District Court's Judgment on May 27, 1992 for the Nintendo Case).

In the case where an issue was raised in connection with the Unfair Competition Prevention Act (Tokyo District Court Judgment on December 26, 2001 for the Levi's Case), a party claimed the application of the post-sales confusion theory mentioned in section 6) above. In this way, parties to an unfair competition case could take an approach similar to the one usually adopted to solve trademark issues. In this case, the court may take trademark-related issues and court interpretations into consideration to some extent. In this sense, any person interested in the issues related to the Unfair Competition Prevention Act may benefit by analyzing trademark-related issues and court interpretations presented in precedents.

11) *Additional issues*

*In the opinion of your Group, what would be further existing problems associated with recycling and repair of IPR-protected products which have not been touched by these Working Guidelines?*

None.

**II) Proposals for uniform rules**

1) *What should be the conditions under which patent rights, design rights and trademark rights are exhausted in cases of repair and recycling of goods?*

Since the interpretation of the exhaustion doctrine differs from one country to another, it would be difficult to adopt uniform rules on the exhaustion of IPRs to recycled or repaired goods at this stage.

In making a judgment as to whether a patent to recycled or repaired goods becomes exhausted, we should take into consideration whether a third party to whom goods (patented products) have been transferred from the patentee has, by processing or replacing parts of the products, newly produced a product embodying the patent that is not identical with the original product. A judgment as to whether such processing or part replacement may be regarded as "new production" should be made based on a comprehensive evaluation of various factors such as the characteristics of the patented product, the nature of the patented invention, the type of processing and part replacement, the circumstances of transaction, etc. The characteristics of the patented product consist of such factors as the functions, structure, material, use, durability period and purpose of use. The type of processing and part replacement consists of such factors as the state of the patented product after the processing or part replacement, the method and extent of processing, the durability period of the replaced part, and the technical functions and economic value of the replaced part in relation to the entire patented product.

In principle, the same factors should be taken into account in dealing with designs.

Regarding trademark exhaustion, the source-identifying function of a trademark should be taken into account. For instance, in a case where the trademark placed on repaired or recycled genuine goods is accompanied by a disclaimer that notifies consumers that the goods are not the plaintiff's product, if the placement of the trademark is regarded as a non-trademark use of the mark just to notify consumers of compatible machine types, the trademark holder is prohibited from exercising the trademark right (as it has been exhausted) unless it causes confusion about the source of the goods.

In determining whether a trademark right is exhausted or not, the quality-guaranteeing function of the trademark should also be taken into account. For example, if trademarked genuine goods are repaired or recycled to such an extent that the quality-guaranteeing function of the trademark is damaged, the trademark holder, etc. should be permitted to exercise the trademark right.

2) *Should the repair and the recycling of goods be allowed under the concept of an implied license?*

It would be difficult to establish uniform rules under the concept of implied licensing.

Some countries require a joint patentee to obtain the other joint patentees' consent before licensing the patent, while other countries do not impose such a requirement. This difference is one of the factors that make it difficult to establish uniform rules under the concept of implied licensing. However, it might be meaningful to make efforts to ultimately reach a consensus, while allowing each country to choose between the exhaustion doctrine and the license theory.

- 3) *Where and how should a line be drawn between permissible recycling, repair and reuse of IP-protected products against prohibited reconstruction or infringement of patents, designs and trademarks?*

Our answer described in section 1) above would apply to this question. Namely, since the interpretation of the exhaustion doctrine differs from one country to another, it would be difficult to adopt uniform rules in connection with a line to be drawn between permissible recycling, repair and reuse of IP-protected products against prohibited reconstruction or infringement of patents, designs and trademarks at this stage.

Patents and designs should be discussed separately from trademarks. This is because a patent or design right to goods becomes exhausted once the goods are legally distributed by the right holder, whereas a trademark right does not become exhausted in this sense.

In the meantime, the issue of patents in the context of recycling and reuse should be discussed in consideration of the balance of various interests on a case-by-case basis because there may exist several parties concerned and their interests vary from case to case and the said issue should be judged based on a comprehensive evaluation of various factors such as the characteristics of the patented product, the nature of the patented invention, the type of processing and part replacement, the circumstances of transaction, etc. as stated in section 1) above.

- 4) *What effect should the intent of IPR holders and contractual restrictions have on the exhaustion of IPRs with respect to recycling and repair of protected goods?*

1) Intent of IPR holders

A judgment as to whether to prohibit the recycling and repair of protected goods should be made based on a comprehensive evaluation of various factors such as the objective characteristics of the patented product – including its functions, structure, material and purpose of use – as well as the nature of the patented invention, regular way of using the patented product, the extent of processing that the product has undergone, the circumstances of transaction, etc.

The recycling and repair of protected goods may be prohibited if the intent of the IPR holder is specified in a law or ordinance from the perspective of public interest such as public health, or is in line with the widely shared perception in society.

Furthermore, if the IPR holder's formation of such an intent is necessary to maintain the functions, quality, safety, etc. of the protected goods, the recycling and repair of protected goods may be prohibited as long as the maintenance of the functions, etc. of the goods directly contributes to the public interest.

2) Contractual restrictions

In principle, contractual restrictions on the recycling and repair of protected goods should be permitted under the principle of the freedom of contract.

However, any contractual restrictions against the Antimonopoly Act should be prohibited.

A judgment as to whether a contractual restriction violates the Antimonopoly Act should be made based on a comprehensive evaluation of various factors "such as the objective characteristics of the patented product including its functions, structure, material and purpose of use, as well as the nature of the patented invention, regular way of using the patented product, the extent of processing that the product has undergone, the circumstances of transaction, etc." as mentioned in section (1) above.

- 5) *Should antitrust issues be considered specifically in cases of repair or recycling of goods? If so, to what extent and under which conditions?*



A judgment as to whether a patent has become exhausted – in other words, whether a patent infringement has been committed – should be made based on the Patent Act and not on the Antimonopoly Act. Therefore, if a third party's act of recycling or repairing patented goods constitutes an infringement of the patent, the exercise of the patent (the right to demand an injunction in particular) should have the effect of prohibiting the third party's act of recycling or repairing in principle, since the right to demand an injunction is the essential right arising from a patent right.

However, if any patentee's act is regarded as a violation of the Antimonopoly Act, the patentee could be prohibited from the exercise of the patent in order to ensure fair competition.

A judgment as to whether the patentee's exercise of the patent violates the Antimonopoly Act should be made based on the facts found in each case and on the overall balancing of equities.

6) *The Groups are invited to suggest any further issues that should be subject of future harmonization concerning recycling, repair and reuse of IP-protected products.*

1) Further study is necessary about the possibility of establishing rules on the placement of an indication that notifies consumers that the products in question are recycled goods, not only on the packages but also on the recycled goods themselves. The growing market for recycled goods is expected to increase the volume of those goods sold online or sold without any indication placed on the packages. Consequently, we will face the issue of how to maintain the source-indicating and quality-guaranteeing functions of IPRs more often. Therefore, we should study the possibility of placing an indication directly on recycled goods to notify consumers that the goods in question are recycled products.

2) Regarding a patent on a production process including a recycling process, further study is needed with regard to whether said patent becomes exhausted when products produced by the process are distributed by the patentee. Such a study should take into consideration various cases such as the case where the invention of a production process is the same as the invention of a product and the case where a production process embodies a special technical idea.

3) If the consumables that are essential for a product are available only as recycled goods, the product is likely to disappear from the market, putting an end to the relevant recycling industry. Such a situation would be against the spirit of the Patent Act, which aims to develop industry. Further study would be necessary to establish rules on intellectual property management in consideration of the interests of all the parties concerned.

4) In view of the fact that the issue of recycled goods must be examined in the context of environmental protection, further study is necessary to promote the development of environmentally friendly technology. In the study, due respect should be paid to patent rights and the principle of market mechanism.

7) *Based on answers to items 1 to 6 above, the Groups are also invited to provide their opinions about how future harmonization should be achieved.*

1) No country has established sufficient statutory laws and clear definitions for intellectual property exhaustion and repair/remanufacturing. The rules on which rights of the transferor and the transferee of patented goods become exhausted differ from one country to another. Countries differ greatly from one another in terms of the conditions for international exhaustion, the interpretation of implied licensing, contractual restrictions, etc. While there are many precedents concerning the conditions for exhaustion, the judgments handed down in those precedents reveal that each country has made a judgment on a case-by-case basis. To promote harmonization, the AIPPI needs to study the current situations of individual countries and

discuss issues such as the possibility of harmonization jointly with the competent authorities in each country.

2) In recent years, unprecedented business models have been developed such as a business model that combines the marketing of a product with the marketing of compatible parts and consumables for the product (e.g. replacement lenses for cameras, coffee machines, printers, etc.) and a business model that markets services to the users of a product through the product (e.g. cell phone services, net services). Further study is necessary to determine the appropriate scope of protection for IP rights in order to develop the industry as a whole by protecting these new business models and enhancing consumer convenience.

### **Summary**

1) In Japan, the Supreme Court stated in its Judgment dated November 8, 2007 for the Ink Cartridge Case (2006(Ju)No.826) that, while generally recognizing the national exhaustion of a patent for recycled or repaired goods, the court considers that a patent on goods would remain unexhausted and should therefore be protected if their recycling or repair is regarded as the "production of new goods" embodying the patent that are no longer identical with the original goods. In determining whether "new goods have been produced," the court takes into consideration the characteristics of the patented product, the nature of the patented invention, the type of processing and part replacement, and the circumstances of transaction.

2) Since the interpretation of the exhaustion doctrine differs from one country to another, it would be difficult to adopt uniform rules on the exhaustion of patents for recycled or repaired goods at this stage. In making a judgment as to whether recycling or repair of a patented product has exhausted the patent, the court should take into consideration whether the processing or part replacement conducted in the course of the recycling or repair procedure has led to the production of a new product embodying the patent that is not identical with the original product. The criteria for patent exhaustion set by the Supreme Court in the aforementioned case would be useful in determining whether a certain type of processing or part replacement should be regarded as the "production of a new product."

3) In determining whether a trademark right has been exhausted, the court should take into account the source-identifying function of the trademark. The trademark holder should be prohibited from exercising the trademark right unless consumers are confused about the source of the goods. At the same time, the quality-guaranteeing function of the trademark should also be taken into account. For example, if genuine trademarked goods are repaired or recycled to such an extent that the quality-guaranteeing function of the trademark is damaged, the trademark holder, etc. should be permitted to exercise the trademark right.

### **Résumé**

1) Le Japon a reconnu d'une façon générale l'épuisement des droits de brevet en cas de produits brevetés recyclés ou réparés dans la décision de la Cour suprême du 8 novembre 2007 (2006 (reçu) no. 826 [cas des cartouches d'encre]). Pourtant, il faut noter que si le produit correspond à la "nouvelle fabrication" d'un produit breveté manquant d'identité, le droit de brevet ne s'épuise pas et l'effet subsiste. Le jugement de la "nouvelle fabrication" est rendu en considérant l'attribut du produit breveté, la teneur de l'invention brevetée, le mode de transformation et d'échange de pièces et l'état de transaction.

2) Dans la situation actuelle où le cadre de conception sur l'épuisement des droits de brevet diffère selon chaque pays, il est difficile d'adopter une règle commune énonçant les conditions dans lesquelles le droit de brevet s'épuise. Cependant, en ce qui concerne la réparation et le recyclage

de produits, il faudrait au moins tenir compte si un produit breveté manquant d'identité comparé au produit breveté concerné par suite de transformation ou d'échange de pièces correspond à la "nouvelle fabrication". La décision mentionnée ci-dessus de la Cour suprême serait référencée en tant que critère pour la détermination de la "nouvelle fabrication".

3) En ce qui concerne l'épuisement du droit de marque, l'exercice du droit de marque ne devrait pas être admis au cas où une confusion sur l'origine ne se produit pas en considérant la fonction de marque qui distingue l'origine. Par exemple, l'exercice du droit de marque devrait être admis quand la fonction de marque – garant de qualité – est considérée comme endommagée par certains critères de changement du produit authentique dû à la réparation ou le recyclage.

### **Zusammenfassung**

1) Die nationale Erschöpfung von Patentrechten für wiederverwendete oder wiederhergestellte patentierte Produkte wurde in Japan anhand des Urteils Nr. 826 2006 (Ju) vom 8. November 2007 des Obersten Gerichts im „Druckerpatronenfall“ allgemein anerkannt; dies gilt jedoch nicht für die Neuherstellung nicht identischer Produkte, da in diesem Fall der Patentschutz greift. Hinsichtlich der Beurteilung, ob es sich um eine „Neuherstellung“ handelt, sollen die Klassifizierung des Patentprodukts, der Inhalt der patentierten Erfindung, Verarbeitungsweise, Verfahren des Bauteilaustauschs sowie die konkreten Vertriebsumstände berücksichtigt werden.

2) Da sich die Denkansätze bezüglich der Erschöpfung von Land zu Land unterscheiden, ist es zum gegenwärtigen Zeitpunkt schwierig, gemeinsame Regelungen zu den Bedingungen für die Erschöpfung eines Patentrechts im Fall von Wiederherstellung oder Wiederverwertung von Produkten auszuarbeiten. Um zu beurteilen, ob bei einer Wiederherstellung oder Wiederverwertung von Produkten eine Erschöpfung des Patentschutzes eintritt, ist zumindest die Frage zu berücksichtigen, ob es durch das Verarbeiten oder durch den Austausch von Bauteilen eines patentierten Produkts zu einer „Neuherstellung“ eines nicht mit dem patentierten Produkt identischen Produkts kommt. Dabei können beispielsweise die erwähnten vom Obersten Gericht genannten Massstäbe berücksichtigt werden.

3) Hinsichtlich der Erschöpfung von Markenrechten ist deren Funktion als Herkunftsidentifizierung zu berücksichtigen; falls es hier zu keiner Verwechslung kommen kann, darf das Markenrecht nicht ausgeübt werden. Auch an den Aspekt der Qualitätssicherung muss gedacht werden; wird z.B. aufgrund grösserer Veränderungen an einem ursprünglichen Produkt durch Wiederherstellung oder Wiederverwertung die Qualitätssicherungsfunktion der Marke beeinträchtigt, muss die Ausübung des Markenrechts zugelassen werden.