

Report Q205

in the name of the Australian Group
by Robert WULFF and Andrew MASSIE

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?

General Exhaustion Principles for Patents and Designs

The general legal principle that applies in Australia is that it is not an infringement of a patent or a registered design for a purchaser to use or dispose of the product as the purchaser pleases, assuming the purchase has been by way of an authorised sale of the product. In general, the sale of the product, whereby the IP rights owner enjoys the benefits of that sale, is the trigger for exhaustion. The implied licence given to the purchaser by such sale may, however, be restricted by certain conditions attached to the sale.¹ In addition, this exhaustion principle may not extend to so-called international exhaustion (ie. which would otherwise permit parallel importation).

In Australia exhaustion in the case of patent rights is provided for by general legal principles derived from case law. This is also generally the case with respect to designs. However, Australian Designs legislation provides an exemption to infringement in the case of the “repair” of a product.² In short, it is not an infringement of a registered design to repair a product that comprises at least two replaceable component parts, permitting disassembly and re-assembly of the product, where such repair restores the “overall appearance” of the product in whole or part. Generally this means that registered design protection for spare parts is no longer of effect in Australia. This issue is dealt with in greater detail under question 4 (below).

General Exhaustion Principles for Trade Marks

Again, the general legal principle that applies in Australia is that it is not an infringement of a trade mark in respect of goods for a purchaser to use or dispose of the goods as the purchaser pleases. In Australia exhaustion in the case of trade marks is provided for by general legal principles derived from both case law and by legislative provision. Australian case law on the issue of exhaustion of trade marks rights mainly relates to the issue of parallel importation of trade marked goods. Australian Trade Marks legislation³ makes it expressly clear that a person using a registered trade mark does not infringe where the trade mark has been applied to the goods with the consent of the registered owner (for example, if the person sells second-hand goods bearing the original trade mark).

Recycling or Repair in relation to Patents & Designs

There is little Australian case law on the issue of exhaustion of rights in respect of patents and designs. Further, the Australian Group is not aware of any Australian case law in respect of exhaustion relating to recycling or repair of goods.

However, the Australian courts are likely to be persuaded by judicial consideration of exhaustion in the UK, which indicates that the purchaser has a right to keep a product in good repair to prolong its life, but not to make (ie. remake) the product.⁴ Where there is doubt the UK courts have decided that this should be exercised in the patentee's favour.⁵ In addition, the Australian Group notes that the international trend towards enforcement of indirect infringement (eg. third party infringement through the supply of spare parts for repair) will increase the likelihood for judicial and legislative action in relation to patent exhaustion in the case of repair.

Recycling or Repair in relation to Trade Marks

Again, the Australian Group is not aware of any Australian trade mark cases that have dealt with the specific issue of exhaustion of trade mark rights in the case of repair or recycling. However, the Australian Group surmises from trade mark exhaustion case law that, if goods bearing an original trade mark were considerably altered by the repair or recycling, and then sold, this sale could give rise to a trade mark infringement situation, in that the original goods no longer exist, so that the original owner's consent no longer applies. The circumstances outlined under anti-trust provisions in question 8 (below) may also have some relevance in relation to recycling and repair.

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?

In general, when a purchaser makes an unconditional purchase of a product from a seller who is not under any territorial restriction in respect of sales of the product, the transaction implies that the purchaser may deal freely with the product. Such a purchaser would be free to import the relevant product into Australia. However, if the purchaser is placed on notice of a restriction as to how the purchaser may deal with the goods, the purchaser should be bound by that restriction.

Where a purchaser acquires products from a person who does not have the right to sell them in Australia, such as a licensee in another country, the generally accepted position is that the purchaser cannot acquire a greater right to deal in the products than that the seller possessed. That is, if the seller could not lawfully sell the products into Australia, then the purchaser is also unable to sell the products into Australia.

International Exhaustion – Patents & Designs

Once again, there has been little judicial consideration in Australia⁶ of the international exhaustion principle, and the Australian Group is not aware of any such consideration in

respect of patents and designs. The issue of whether a principle of international exhaustion of rights applies in respect of patents and designs is thus not altogether clear.

In this regard, the Australian patent legislation⁷ states that one of the exclusive rights of the owner of a patent is the right to import into Australia products covered by the patent. Similarly, Australian designs legislation⁸ states that the owner of a registered design has the exclusive right to import into Australia products embodying the registered design. This suggests that patents and registered designs can be used to prevent parallel importation. However, whether or not the owner of a patent or design is able to prevent parallel imports should also depend on whether or not the patentee has either expressly or by implication consented to the parallel importation of the products. This in turn will depend on the circumstances surrounding the importer's acquisitions of the relevant products.

Arguably, the new Australian Designs legislation⁹ expressly allows for the prevention of importation of a product the subject of a registered design where the licence or authority of the registered owner is not provided (ie. a restriction on parallel importation) representing a statutory limitation on the so-called international exhaustion principle. This should be easy to establish in the case of express (written) conditions "attached" to the sale of the product in an overseas market, though could become problematic if attempts are made to infer or imply such conditions.

Accordingly, legal advisors in Australia have suggested a practice for the owners of patents and designs wishing to establish or maintain exclusive distribution channels for their products in Australia to ensure that when their products are sold in other countries they are labelled or packaged in a way that places purchasers on notice that the products must not be imported into Australia.

It is to be noted that the Australia – US Free Trade Agreement provides in Article 17.9.4 that both Australia and the US must ensure that the exclusive right of the patent owner to prevent importation of a patented product, without the consent of the patent owner, shall not be limited by the sale or distribution of that product outside its territory, "at least where the patentee has placed restrictions on importation by contract or other means". Australian legislators may therefore encounter difficulty in lifting restrictions on the rights of patent owners to prevent parallel imports.

International Exhaustion – Trade Marks

Australian trade marks legislation³ specifies that it is not an infringement of a registered mark to use the mark in respect of particular goods if the trade mark has been applied to those goods by or with the consent of the registered owner of the goods. This allows anyone to import into Australia "genuine" trade marked goods which have been produced in another country by or on behalf of the Australian trade mark owner (or a licensee). Thus, in general, it is not possible to rely on Australian trade mark law to prevent parallel imports.

The Australian court has considered situations in which parties have structured the ownership of their Australian trade marks to avoid the Australian trade mark owner giving consent to the application of the mark to the goods produced elsewhere.¹⁰ In each case, an overseas company's Australian trade mark registration was assigned to a local Australian entity (eg. a subsidiary or independent local distributor). The parent company did not wish to risk losing ownership or control of its marks entirely, so prepared a separate agreement dealing with the assignment back of the trade marks, with the assignment triggered automatically on certain events, for example on the insolvency of the local subsidiary or distributor. However, such artificial constructions produced greater legal problems, complicating the cases considerably; in one case producing the adverse result.

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?

The sale of goods protected by IP rights (without any express restriction) carries an implied licence authorising “undisturbed” and “unrestricted” use of the goods to the purchaser. This includes use by way of repair and prolonging the life of the goods. However, as mentioned above, the licensee of the implied licence (ie. the purchaser) is not provided with the right to “reconstruct” the goods or “re-make” the goods – this is not a right covered or given by the implied licence.

The owner of a patent or registered design may impose “post sales” conditions on what use may be made of goods once they have been sold. These conditions are binding on a purchaser who has notice of the condition – this is even though the purchaser does not have a contractual relationship with the patentee. The Australian Group understands that this contrasts with US and European positions.

In the case of trade marks, as the IP right does not pertain to the goods themselves, the issue of implied licence arises in relation to laws surrounding the sale of goods in general, with the licence again authorising “undisturbed” and “unrestricted” use of the goods by the purchaser. Again, presumably the purchaser would not be provided with the right to “reconstruct” or “re-make” the goods and then resell the goods under the original trade mark – this would not be a right covered or given by the implied licence.

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?

Patents

There is no Australian patent legislation that prescribes the conditions under which repair of a patented product is permitted. Moreover, the Australian Group is not aware of any Australian court decision concerning the issue of repair of a patented product. Nevertheless, guidance in Australia is expected to be taken from relevant UK decisions.¹¹

The UK cases indicate that the repair of a patented product is acceptable as long as the repair does not amount to manufacture of a new product. The UK cases also refer to an implied licence which allows a person who has legitimately acquired a patented product to use or dispose of it in any way he or she pleases. There is also the concept of exhaustion of rights whereby the patentee’s rights in respect of a patented product are exhausted following the first sale. However, in *United Wire*, the House of Lords considered whether the alleged repair amounted to “making” of the patented product and considered that the concepts of implied licence and exhaustion of rights were not applicable at all. If the alleged repair amounted to making (ie. a remaking) of the patented product, then there was patent infringement.

Accordingly, the Australian Group asserts that the factor to be considered in the case of repair is the extent of repair that has been made. From the *United Wire* case (likely to be followed in Australia) a repair is acceptable as long as it does not amount to a making of the product. One useful approach is to consider whether the sale of a repaired product is such as to deny the patentee a sale. If that is the result of the repair, then the likelihood is that there is indeed infringement.

Designs

The Australian designs legislation provides as follows in relation to product repairs:

"S 72 Certain repairs do not infringe registered design

1) *Despite subsection 71(1), a person does not infringe a registered design if:*

- a) *the person uses, or authorises another person to use, a product:*
 - i) *in relation to which the design is registered; and*
 - ii) *which embodies a design that is identical to, or substantially similar in overall impression to, the registered design; and*
- b) *the product is a component part of a complex product; and*
- c) *the use or authorisation is for the purpose of the repair of the complex product so as to restore its overall appearance in whole or part.*

2) *If:*

- a) *a person uses or authorises another person to use a product:*
 - i) *in relation to which a design is registered; and*
 - ii) *which embodies a design that is identical to, or substantially similar in overall impression to, the registered design; and*
- b) *the person asserts in infringement proceedings that, because of the operation of subsection (1), the use or authorisation did not infringe the registered design;*

the registered owner of the design bears the burden of proving that the person knew, or ought reasonably to have known, that the use or authorisation was not for the purpose mentioned in paragraph (1)(c).

3) *For the purposes of subsection (1):*

- a) *a repair is taken to be so as to restore the overall appearance of a complex product in whole if the overall appearance of the complex product immediately after the repair is not materially different from its original overall appearance; and*
- b) *a repair is taken to be so as to restore the overall appearance of a complex product in part if any material difference between:*
 - i) *the original overall appearance of the complex product; and*
 - ii) *the overall appearance of the complex product immediately after the repair;*

is solely attributable to the fact that only part of the complex product has been repaired.

4) *In applying subsection (3), a court must apply the standard of the informed user.*

5) *In this section:*

repair, in relation to a complex product, includes the following:

- a) *restoring a decayed or damaged component part of the complex product to a good or sound condition;*
- b) *replacing a decayed or damaged component part of the complex product with a component part in good or sound condition;*
- c) *necessarily replacing incidental items when restoring or replacing a decayed or damaged component part of the complex product;*
- d) *carrying out maintenance on the complex product.*

standard of the informed user, in relation to the overall appearance of a complex product, means the standard of a person who is familiar with the complex product, or with products similar to that product.

Use, in relation to a product, means:

- a) *to make or offer to make the product; or*
- b) *to import the product into Australia for sale, or for use for the purposes of any trade or business; or*
- c) *to sell, hire or otherwise dispose of, or offer to sell, hire or otherwise dispose of, the product; or*
- d) *to use the product in any other way for the purposes of any trade or business; or*
- e) *to keep the product for the purpose of doing any of the things mentioned in paragraph (c) or (d)."*

Sub-section 72 (1) referred to above is a reference to the immediately preceding section that legislates as to the requirements of design infringement. Accordingly, in the circumstances provided under Section 72, repair does not constitute design infringement.

Importantly, Section 72 includes a non-exhaustive list of activities that constitute repair. That list indicates the type of repair activities that constitute a repair under Section 72 and in brief, include:

- i) restoring or replacing a decayed or damaged component part of a complex product;
- ii) replacing incidental items associated with the restoration or replacement of a decayed or damaged component part; or
- iii) carrying out maintenance on a complex product.

The legislation does not limit the definition of repair to these types of activities and therefore there may be other activities that would fall within the definition of "repair". Section 72 was introduced into Australian law principally in response to concerns that spare parts or more complex products had artificially inflated prices where those parts were protected by registered designs. The major industry thought to be affected by elevated spare part prices was the automotive industry.

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?

In Australia, there appears to be no difference in the legal treatment of recycling of patented or design-protected products compared to the repair of patented or design-protected products, as discussed above. In addition, there is no specific definition of the term "recycling" in Australian patent or design legislation, nor has the term received judicial consideration in IP cases. Accordingly, the Australian Group asserts that the factor to be considered in the case of recycling is, again, whether the recycling amounts to a making (or remaking) of the patented product. Also, whether the sale of a recycled product would deny the patentee a sale.

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?

As mentioned in question 1 (above), the Australian Group is not aware of any Australian trade mark cases that have dealt with the specific issue of exhaustion of trade mark rights in

the case of repair or recycling. However, the Australian Group postulates that where goods bearing an original trade mark are considerably altered by the repair or recycling, and then resold, this sale could give rise to a trade mark infringement situation (ie. the original goods no longer exist, so that the original owner's consent to use of its trade mark arguably no longer applies). See also question 8 (below).

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?*
- b) *What would be conditions for such kind of intentions to be considered?*
- 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?*
- 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?*
- e) *How does the situation and legal assessment differ in the case of designs or trademarks?*

a) & b) Where a contract or licensing agreement exists, the express intentions of the parties are those set out in that contract or agreement. In the case of the express intention of a registered owner of a patent or design, as outlined above, the owner may impose "post-sale" conditions as to how the goods may be used once they have been sold, even where there is no contractual relationship with, for example, a purchaser of the goods. These "post-sale" conditions are binding so long as the person has notice of the condition. Failure to comply with those conditions may render the person who has not complied as an infringer of the patent or registered design.

c) The Australian Group presumes that other contractual restrictions conferred through general legal principles will also have application. For example, the licence or contract should not confer an obligation on one of the parties to undertake any illegal actions in fulfilling the contract. In relation to situations where a patentee may stop sale or shipment of products by third parties outside the designated territory based on his/her patents, any relevant national competition or trade practices law may have to be complied with.

As mentioned above, in respect of "parallel" patenting or importation, traditionally, the implied licence to use a product resulting from an unconditional sale has been viewed as a licence to use anywhere. However, the rights and restrictions resulting from "parallel" patenting (or designs) and importation is complex. In theory, the owner of parallel patents (or designs) should be able to exploit each patent within the confines of each territory in which the owner owns a patent. Where a licensee is authorised to sell a product within a particular territory, the rights passed to a purchaser cannot be more than what is set out in the licence.

d) Objective factors such as other laws, including competition and trade practices, may have some impact in addition to factors such as the patentee's intention or contractual restrictions.

e) The situation with respect to trade marks is as set out in question 2 under International Exhaustion – Trade Marks.

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?

Patents

Australian patent legislation includes provisions which prohibit certain contractual arrangements. For example, a condition in a contract relating to a patented invention is void if the effect of the condition would be to limit the right of the contractee from freely using or acquiring other products or processes, whether patented or not, from sources other than those of the contractor.

Australian patent legislation¹² may, for example, be employed to ensure that a contract does not restrict that party to acquiring spare parts for the repair of a patented product from the patent owner or licensee.

Designs

Australian designs legislation does not include equivalent provisions to the Australian patent legislation.

Trade Marks

In relation to Australian trade mark legislation, infringement of a registered trade mark can occur by breach of certain restrictions.¹³ The legislation provides that a registered owner of a registered trade mark can apply a notice on goods to which a registered trade mark is applied, or packaging to which the mark is applied, prohibiting certain acts in relation to the goods. The list of prohibited acts includes:

- applying the trade mark to goods which are not in the same condition in which they were originally offered;
- altering or removing the trade mark from the goods;
- where the trade mark has been applied to goods together with other matter relating to the goods, removing part of the trade mark or other matter without fully removing each;
- applying a different trade mark to the goods; and
- adding matter to goods on which a registered trade mark is applied which has the effect of injuring the reputation of the trade mark.

The above provisions could apply in circumstances in which trade marks of products which have been recycled or repaired have been removed partially or fully, or altered, and in circumstances where the trade mark of the recycled or repaired good has been changed.

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?

Assuming a general legislative regime in relation to exhaustion is established in Australia, the Australian Group believes that both relevant and extraneous factors are then best left to the Australian courts to deal with. Time-and-time-again, the Australian courts have been able to develop law that balances the interests of IP rights owners and the public in the context of community expectations and international obligations. The Australian Group cautions against an overly legislative or prescriptive approach to this area of the law, especially given the current international growth in indirect infringement proceedings.

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 relation to exhaustion, Australian copyright legislation¹⁴ prescribes various acts that do not constitute copyright infringement. These include:

- Fair dealing for the purpose of research or study;
- Fair dealing for the purpose of criticism or review;
- Fair dealing for the purpose of parody or satire;
- Fair dealing for the purpose of reporting news.

There are many other exclusions. A potentially relevant exclusion relates to copyright subsisting in designs. By this exclusion, copyright is exhausted in relation to a design where the design is capable of registration under the designs legislation, but is not registered prior to industrial application of the design.

There are no equivalent provisions in the Australian copyright legislation in relation to patents.

The Australian copyright legislation also includes provisions¹⁵ which exhaust trade mark rights in relation to imported goods that bear a trade mark which is registered in respect those goods if, inter alia, the importation would have constituted an infringement of copyright except for the operation of the parallel importation provisions of the copyright legislation.

The Australian Group is not aware of any relationship between trademarks and unfair competition relative to exhaustion and the repair and recycling of goods.

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?

The Australian Group believes that the Guidelines have addressed the major issues in this area of the law.

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?*

The Australian Group considers that ordinary repair and recycling of patented or design registered goods should be allowable. Further, the Group submits that specified conditions as to what constitutes repair and recycling are very difficult to define in a legislative context. The Australian Group considers that the facts of each case will determine whether a good has been repaired or recycled and that therefore it is best left to the courts to decide whether there has been exhaustion. The court decisions referred to herein generally are considered to have appropriately decided on the issue of repair and there is therefore confidence in the Australian Group that the courts would also appropriately decide in relation to recycling where this differs from repair.

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

The Australian Group's answer is - not necessarily. The concept of an implied license has been used by courts in the past by the courts (viz the Solar Thomson case¹¹), but more recently, the courts have employed an alternative test (see the United Wire case¹¹) and decided as to whether there had been a making of the invention (see comments in q4 above). The Australian Group considers the approach in United Wire to be the preferred approach.

- 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?*

As commented on in q2 above, the Australian Group considers the approach in the United Wire case¹¹ to be the preferred approach, such that if the repair or recycling of a product results in a making of the product (eg. a making of the invention) then the line has been crossed.

- 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?*

The Australian Group's answer is – none, notwithstanding that, under Australia law, conditions can be attached to the sale of a patented or design registered product. Fair repair and recycling should not be able to be restricted by intent or contractual restrictions. As in 3 (immediately above), this assumes that the third party is not re-making the product. However, the Australian Group understands that IPR holders may also, by way of contract or licence, waive their right to prevent a subsequent remaking of a product.

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

The Australian Group's answer is – yes, to the extent that there should be no prohibition in relation to fair repair and recycling. In other words, any attempts by IPR holders to use IP rights to prevent fair repair and recycling (ie. that does not amount to a re-making of the product) should be seen as unfair competition.

- 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.*

Insofar as harmonization is concerned, the Australian Group's position is to resist legislative attempts to define or codify "recycling", "repair" or "reuse" of IP-protected products. It is understood that this may set the Group apart from some other country Groups. The reason is that legislative attempts to define certain acts (such as recycling, repair and reuse) generally result in less flexibility and also unforeseen consequences, whereby legitimate activities of either IPR holders or third parties can be stifled. The Australian Group's view is that a court is usually better placed to take into account the specific facts of a given case, and to apply the principles of both competition and IP law of the given jurisdiction to those facts.

- 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.*

Assuming it is desirable to reach a resolution on how the issue of exhaustion of IPR's in relation to recycling and repair might be dealt with internationally, the Australian Group's position is that recycling, repair and reuse of IP-protected products should not be defined too restrictively. Any such resolution should not impair or hamper fair dealing by a third party in relation to recycling, repair and reuse of products. On the other hand, any such resolution should not prevent an IPR holder from taking subsequent action where a third party is engaging in activity (eg. remaking and selling a protected product) which is clearly designed or intended to exploit the IPR holder's legitimately protected market.

Endnotes

- 1 National Phonograph v Menck [1911] AC 336.
- 2 s72 Designs Act 2003.
- 3 s123 Trade Marks Act 1995.
- 4 Sirdair Rubber v Wallington, Western (1907) 24 RPC 539 at 543.
- 5 British Leyland Motor Corp v Armstrong Patents [1986] AC 577.
- 6 see International Parcel Express v Time-Life International 138 CLR 534 (a copyright case).
- 7 s13 and definition of “exploit” Patents Act 1990.
- 8 s71(1)(b) Designs Act 2003.
- 9 s71(2) Designs Act 2003.
- 10 Fender Australia v Bevk (1989) 89 ALR 89; Transport Tyre Sales v Montana Tyre Rims & Tubes (1999) 162 ALR 175.
- 11 Solar Thomson Engineering v Barton [1997] R.P.C. 537; National Phonograph v Menck [1911] AC 336; United Wire v Screen Repair [2001] RPC 439.
- 12 s 144 Patents Act 1990.
- 13 s121 Trade Marks Act 1995.
- 14 Copyright Act 1968.
- 15 s198A Copyright Act 1968.

Summary

The general legal principle that applies in Australia is that it is not an infringement of a patent, registered design or trade mark for a purchaser to use or dispose of the product (goods) as the purchaser pleases, assuming the purchase has been by way of an authorised sale of the product. In general, the sale of the product, whereby the IP rights owner enjoys the benefits of that sale, is the trigger for exhaustion. The implied licence given to the purchaser by such sale may, however, be restricted by certain conditions attached to the sale. In addition, this exhaustion principle may not extend to so-called international exhaustion (ie. which would otherwise permit parallel importation).

There is little Australian case law on the issue of exhaustion of rights in respect of patents and designs, and apparently none specifically in respect of repair or recycling. The Australian courts are likely to be persuaded by judicial consideration of exhaustion in the UK, which indicates that the purchaser has a right to keep a product in good repair to prolong its life, but not to make (ie. remake) the product.

Australian trade mark case law that deals with exhaustion again does not extend to repair or recycling. Nevertheless, the Group surmises from such case law that, if goods bearing an original trade mark were considerably altered by the repair or recycling, and then sold, this sale could give rise to a trade mark infringement situation, in that the original goods no longer exist, so that the original owner’s consent to use its mark no longer applies.

The Group considers that ordinary repair and recycling of IP protected goods should be allowable. Further, the Group submits that specified conditions as to what constitutes repair and recycling are very difficult to define in a legislative context. The Australian Group considers that the facts of each case will determine whether a good has been repaired or recycled and not remade, so that it is best left to the courts to decide whether there has been exhaustion in any given instance.

Résumé

Le principe juridique général qui s’applique en Australie est que lorsqu’un acheteur utilise ou dispose d’un produit (de marchandises) comme bon lui semble, cela ne constitue pas une contrefaçon d’un brevet, d’un modèle déposé ou d’une marque commerciale, dans la mesure où l’achat avait été effectué lors d’une vente autorisée du produit. En général, la vente d’un produit, au moyen de laquelle le propriétaire des droits de propriété intellectuelle tire profit, déclenche un épuisement

des droits. La licence implicite fournie à l'acheteur par le biais d'une telle vente, toutefois, est limitée par certaines conditions associées à la vente. De plus, ce principe d'épuisement des droits ne s'étendra pas forcément au présumé épuisement des droits sur le plan international (à savoir, ce qui autrement permettrait une importation parallèle).

Il existe peu de précédents, en droit australien, sur l'épuisement des droits en ce qui concerne les brevets et les modèles, et apparemment aucun précédent concernant spécifiquement la réparation ou le recyclage. Les tribunaux australiens sont susceptibles d'être persuadés par des considérations judiciaires sur l'épuisement des droits pratiqué au R.-U., qui stipule que l'acheteur a le droit de garder un produit en bon état pour en prolonger la vie, mais pas pour fabriquer (c.-à-d. pour refaire) le produit.

En droit australien, les précédents relatifs aux marques commerciales qui traitent de l'épuisement des droits ne s'étendent pas à la réparation ou au recyclage. Néanmoins, le Groupe présume, en fonction de tels précédents, que si les marchandises portant une marque originale sont considérées comme modifiées par réparation ou recyclage, puis vendues, ladite vente pourrait présenter une situation de contrefaçon de marque commerciale, en ce sens que les marchandises initiales n'existent plus, de sorte que le consentement du propriétaire initial à utiliser sa marque ne s'applique plus.

Le Groupe considère que les réparations ordinaires et le recyclage de marchandises protégées par des droits de propriété intellectuelle doivent être permises. En outre, le Groupe reconnaît que les conditions spécifiques déterminant ce qui constitue réparation et recyclage sont très difficiles à définir dans un contexte législatif. Le Groupe australien considère que les faits de chaque cas d'espèce détermineront si une marchandise a été réparée ou recyclée plutôt que refaite, de sorte qu'il est préférable de laisser les tribunaux décider si l'épuisement des droits a eu lieu dans tout cas donné.

Zusammenfassung

Der allgemein in Australien angewandte Rechtsgrundsatz besagt, dass keine Verletzung eines Patents, eines eingetragenen Designs oder einer Marke vorliegt, wenn der Käufer das Produkt (die Waren) so verwendet oder entsorgt, wie es dem Käufer beliebt, vorausgesetzt, der Kauf sei aufgrund eines autorisierten Verkaufs des Produktes erfolgt. Im Allgemeinen ist der Verkauf des Produktes der Auslöser für die Erschöpfung, wobei der Eigentümer der Rechte aus geistigem Eigentum die Vorzüge jenes Verkaufs genießt. Die implizite Lizenz, die dem Käufer durch einen derartigen Verkauf erteilt wird, kann aber durch gewisse mit dem Verkauf verbundene Bedingungen beschränkt werden. Ferner mag sich der Grundsatz der Erschöpfung nicht auf die sogenannte internationale Erschöpfung erstrecken (d. h. dass sie andernfalls Parallelimporte gestatten würde).

Es gibt wenig australische Gerichtsurteile zur Frage der Erschöpfung von Rechten in Bezug auf Patente und Designs und anscheinend bezieht sich keines davon besonders auf Reparatur oder Recycling. Wahrscheinlich würden sich die australischen Gerichte durch die rechtlichen Überlegungen in Bezug auf die Erschöpfung in Grossbritannien überzeugen lassen, wonach der Käufer das Produkt richtig reparieren (lassen) darf, um seine Lebensdauer zu verlängern, aber das Produkt nicht herstellen (d. h. erneut herstellen) darf.

Das australische Markenrecht, das die Erschöpfung behandelt, bezieht sich wiederum nicht auf Reparatur oder Recycling. Nichtsdestoweniger vermutet die Gruppe angesichts dieser Rechtsprechung, dass, wenn Waren mit einer ursprünglichen Marke durch Reparatur oder Recycling wesentlich abgeändert und dann verkauft wurden, dieser Verkauf eine Lage der Verletzung des Markenrechts herbeiführen könnte, da die ursprünglichen Waren nicht mehr existieren, sodass die ursprüngliche Zustimmung des Eigentümers, seine Marke zu verwenden, nicht mehr anwendbar ist.

Die Gruppe geht davon aus, dass die gewöhnliche Reparatur und das Recycling von Waren, die durch Rechte aus geistigem Eigentum geschützt sind, erlaubt sein sollte. Ferner geht die Gruppe davon aus, dass sich spezifische Bedingungen dafür, was eine Reparatur und ein Recycling bildet, im Rahmen der Gesetzgebung nur schwer definieren lassen. Die australische Gruppe geht davon aus, dass der Sachverhalt eines jeden einzelnen Falles bestimmt, ob eine Ware repariert oder recycelt, nicht aber erneut hergestellt wurde, sodass die Bestimmung, ob in einem einzelnen Fall Erschöpfung vorliegt, am besten den Gerichten überlassen bleibt.