

**Report Q205**

in the name of the Polish Group  
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**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?*

Poland is not a “case law” country. The exhaustion of IP rights is provided for in the Industrial Property Law (IPL) art. art. 70, 118 and 155.

According to the above statutory provisions, the rights conferred by a patent do not extend to acts concerning a patented product or a product manufactured according to a patented method, consisting in particular in its offering for sale or further putting on the market, if that product has been put on the market on the territory of the Republic of Poland by the patent holder or with his consent. The same rule applies to importation into the territory of the Republic of Poland or other acts referred above in the respect of a product that has earlier been put on the market on the territory of the European Economic Area by the patent holder or with his consent. The exhaustion of patent rights apply respectively to the protected industrial designs.

Similarly, the rights conferred by a trademark registration do not extend to acts concerning goods bearing the registered trademark, consisting in particular in its offering for sale or further putting on the market, if such goods have earlier been put on the market on the territory of Poland or the European Economic Area by the right holder or with his consent. The same rule applies to importation into the territory of the Republic of Poland or other acts referred above in the respect of a product that has earlier been put on the market on the territory of the European Economic Area by the patent holder or with his consent. However, the above trademark regulations will not apply, if there are any legitimate reasons for the right holder to oppose further commercialization of the goods, especially where the condition of the goods has been changed or impaired after they had been put on the market.

The legal consequences of infringement and enforcement of IPRs include civil claims of the IPRs holder against the infringer or a person who contributed to the infringement in the cases of patent, design and trademark rights.

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?*

The only provisions regarding the international exhaustion are the cited above articles referring to the European exhaustion (regional).

The burden of proof regarding the origin of the products and other prerequisites for exhaustion is on the plaintiff (e.g. the holder of the rights).

### 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?*

According to art. 64 of the IPL, a patent granted for a process of manufacture shall also cover products directly obtained by means of that process; in the case of new products, where the right holder proves that he was unable through reasonable efforts to identify the process of manufacture actually used by another person, the product obtainable by means of the patented process shall be deemed to have been obtained by that process.

According to art. 65 of the IPL, a patent granted for an invention relating to the use of a substance comprised in the state of the art for the purpose of obtaining a product having a new use, shall also cover the products specifically prepared the use according to the invention.

The above articles are the only provisions of the law that may be considered relevant to the implied license concept.

Considering that there is no case law regarding this subject yet, each case would be examined and decided by the court in the perspective of the patent claims of the subject patent.

### 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?*

The only "repair" provision existing in the IPL concerns the industrial designs and it was introduced by the last amendment to the IPL of October 2007. Accordingly, the newly added art. 106<sup>1</sup> states that the protection derived from the industrial design registration shall not cover the products constituting parts of a complex product protected by the registration, that may be used for repair of this product such as to restore its original appearance; third parties are free to use the product referred to above in the meaning of its manufacture, offering, introducing into the market, import, export or the use of a product comprising the registered design, as well as to store such product in order to use it.

The only definition of the term "repair" may be derived from the above art. 106<sup>1</sup> referring to: *"the repair of this product such as to restore its original appearance"*.

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?*

The issue of recycling with regard to patented or design-protected products has not been dealt with by the Polish law.

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?*

There are no specific provisions concerning the repair or recycling of products bearing a protected trademark in the IPL.

The only provision that may be considered related to this issue is art. 155.3 of the IPL saying that, in the case of the articles with a protected trademark, the rights are not exhausted if the patent holder may object their further distribution for any reason, in particular in the case where the condition of the articles has been changed or deteriorated after their first introduction into the market.

Optionally, in the specific cases where e.g. the potential consumer have been misled, the articles have been unlawfully re-packaged or unlawfully advertised etc. the patent holder's rights may be enforced basing on Unfair Competition Law. However, there is no published court practice concerning such cases in relation to the national/regional exhaustion of rights.

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?*

There are no specific provisions concerning the restriction of repair or recycling of patented products in the Polish law.

Accordingly, it seems that the express intention of the IPR owner does not play any role in the exhaustion of patent rights.

The only way to restrict the repair or recycling is through a license agreement. However, the legal consequences of contractual restrictions on the exhaustion of rights outside the specific contract has not been an issue as yet in Poland, so it is hard to define an established practice in this field.

It should be noted that marking stating that the product is to be used only once and disposed or returned after one use could be considered as anti-consumer's provision, (the so-called "abusive clause").

With regard to the problem of recycling and repair, the environment protection as well as the public health and safety issues should be taken into consideration.

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?*

Polish antitrust law does not regulate turnover of recycle and repair products. Up to now there is no published court practice dealing with this issue.

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?*

The consumer rights and protection are important factors to be considered. With regard to the problem of recycling and repair, the environment protection as well as the public health and safety issues should be taken into consideration.

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?*

Considering that there is no published court practice in this domain, it is hard to define an established practice in this field.

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?*

**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 consumer rights and protection are important factors to be considered. With regard to the problem of recycling and repair, the environment protection as well as the public health and safety issues should be taken into consideration.

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

There is a need for a compromise between the patent holder's interests and the consumers' protection.

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

In the opinion of the Polish group a full harmonization of the law with respect to the exhaustion of IP laws concerning the repair and recycling of goods would be extremely difficult to achieve and, what is more, is not advisable at present. Considering the wide variety of markets, their features and requirements in specific countries it seems doubtful that a harmonized law would be suitable and enforceable in an extended region consisting of many countries with different levels of development and wealth.

### **Summary**

The exhaustion of IP rights is provided for in the Industrial Property Law.

The patent rights do not cover the acts concerning a patented product and/or a patented method, consisting in particular in its sale, offering for sale or importation if that product has been put on the market on the territory of the Republic of Poland and/or on the territory of the European Economic Area by the patent holder or with his consent.

The exhaustion of patent rights apply respectively to the protected industrial designs and the goods bearing the registered trademark.

With regard to the spare parts, the protection derived from the industrial design registration shall not cover the products constituting parts of a complex product protected by the registration, that may be used for repair of this product such as to restore its original appearance.

The issue of recycling with regard to patented or design-protected products has not been dealt with as yet by the Polish law.

In the opinion of the Polish group a full harmonization of the law with respect to the exhaustion of IP laws concerning the repair and recycling of goods would be extremely difficult to achieve and is not advisable at present.

### **Résumé**

L'épuisement des droits de propriété intellectuelle est régi en Pologne par les règles de la Loi sur la Propriété Industrielle.

Les droits exclusifs de brevets ne sont pas applicables aux activités concernant les produits ou méthodes protégés, qui consistent dans la vente, des offres de vente ou importation si ce produit a été introduit dans le marché en Pologne et/ou dans le territoire de la Zone Européenne Economique par le propriétaire du droit ou avec son consentement.

L'épuisement des droits est applicable respectivement aux dessins industriels et aux produits portant des marques enregistrées.

En ce qui concerne les pièces de rechange, la protection dérivée d'enregistrement d'un dessin industriel n'est pas applicable aux produits constituant une partie d'un produit complexe protégé et pouvant être utilisés pour une telle réparation de ce produit complexe protégé qui lui rétablit son aspect original.

Le problème de recyclage des produits protégés par des droits de brevet ou par l'enregistrement d'un dessin industriel n'est pas encore réglé par le loi polonais.

D'après l'opinion de la groupe polonaise, une harmonisation totale du loi en ce qui concerne l'épuisement des droits en cas de réparation ou de recyclage des produits serait extrêmement difficile et n'est pas souhaitable à présent.

### **Zusammenfassung**

Das Recht des geistigen Eigentums regelt die Frage der Erschöpfung von geistigen Eigentumsrechten.

Mit einem Patent werden nicht die Handlungen umfasst, die sich auf ein Erzeugnis gemäss Erfindung oder auf so ein Erzeugnis beziehen, welches mit Anwendung der Methode gemäss Erfindung hergestellt wird. Dabei handelt es sich um solche Handlungen, die insbesondere im Anbieten dieses Erzeugnisses zum Verkauf oder in weiterer Einführung dieses Erzeugnisses in den Markt bestehen, falls dieses Erzeugnis schon früher von dem Berechtigten oder mit seiner Zustimmung in den Markt auf dem Gebiet der Republik von Polen und/oder innerhalb des Europäischen Wirtschaftsraums eingeführt wurde.

Die Erschöpfung von Patentrechten bezieht sich angemessen auf die geschützten Industriemuster und Waren, die mit eingetragener Marke gekennzeichnet worden sind.

Wenn es um die geschmackmustergeschützten Erzeugnisse geht, dann steht der aus der Eintragung des industriellen Gebrauchsmusters hervorgehende Schutz mit Bezug auf so ein Erzeugnis nicht zu, das einen Bestandteil eines zusammengesetzten Erzeugnisses darstellt, der für die Reparatur dieses Erzeugnisses auf solche Art und Weise dient, auf die dieses Erzeugnis sein Anfangsaussehen bekommt.

Die mit Recycling von patent- oder geschmackmustergeschützten Erzeugnissen verbundene Frage ist noch nicht als Gegenstand des nationalen Rechts behandelt worden.

Eine volle Rechtsharmonisierung mit Bezug auf die Erschöpfung von geistigen Eigentumsrechten betreffs Reparatur und Recycling von Waren wäre Meinung der polnischen Gruppe nach, besonders schwer erreichbar und zurzeit wird solche Harmonisierung nicht empfohlen.