

Resolution

Question Q205

Exhaustion of IPRs in cases of recycling or repair of goods

Yearbook 2008/III, pages 467–468
Congress Boston, 6–11 September 2008

AIPPI

Noting that:

- 1) AIPPI has studied aspects of the exhaustion of intellectual property rights in previous questions, leading in particular to:
 - i) The resolution of the Executive Committee of Barcelona in 1990 – Question Q101, Yearbook 1991/I, page 298 entitled ‘Parallel Import Of Patented Products’ (*Barcelona Parallel Import Resolution*); and
 - ii) The resolution of the 38th Congress of Melbourne in 2001 – Question Q156, Yearbook 2001/I, pages 511-512 entitled ‘International Exhaustion of Industrial Property Rights’ (*Melbourne International Exhaustion Resolution*).
- 2) The Barcelona Parallel Import Resolution resolved that a patentee be able to invoke its patent against parallel import of a patented product, notwithstanding the circumstances under which such product has been put on the market in country B, subject to exception by contractual agreement authorising import into country A.
- 3) The Melbourne International Exhaustion Resolution affirmed the Barcelona Parallel Import Resolution and resolved that there should be no international exhaustion of industrial property rights (patents, trademarks, designs and plant breeder’s rights) notwithstanding that regional exhaustion may be applied in order to foster regional integration of different national economies under a uniform regulatory and legal framework.

Considering that:

- 1) AIPPI has not previously considered the question of the degree to which goods, which are the subject of intellectual property rights may be recycled, reconstructed or repaired and the effect of this on whether or not such intellectual property rights in such goods, where such rights were exhausted before repair, remain exhausted after it.
- 2) Such question in the context of copyright protection presents additional complexities depending in part on the nature of the copyright work being protected and should be a matter for further study.
- 3) This Resolution does not address the issue of the extent to which spare parts may be protected by design law which should be a subject for further study.

- 4) This Resolution does not address the issue of the acts of recycling which involve the reduction of a product to its constituent ingredients.
- 5) AIPPI acknowledges the importance of recycling and considers that, at present, issues associated with recycling can be addressed within the current framework of intellectual property law.
- 6) While AIPPI has considered the possibility of distinguishing between repair and reconstruction, no uniform criteria have emerged.

Resolves that:

- 1) The Barcelona Parallel Import Resolution is affirmed.
- 2) The Melbourne International Exhaustion Resolution is affirmed.
- 3) As for patents, having regard to the scope of the patent in issue,
 - i) Repair of a patented product, including maintenance work and minor interventions, should not constitute infringement. If patent rights in such product are exhausted before repair they are exhausted after repair.
 - ii) Reconstruction of a patented product, which involves changing or reproducing an essential component of such product should constitute infringement. The principle of exhaustion does not apply to such reconstructed product.
 - iii) Recycling of a patented product (where this involves acts whereby products that have served the use for which they were conceived are reused without being reduced to their constituent ingredients) should be addressed within the context of whether such recycling constitutes repair or reconstruction of such product.
- 4) As for designs, the same principles should apply as are set out above for patents.
- 5) As for trade marks, the same principles should apply as are set out above for patents, but the issue of exhaustion should be addressed by applying the principle that the trade mark proprietor may oppose further commercialisation of the goods under the trade mark for legitimate reasons only, such as where the condition of the goods is changed or impaired after they have first been put on the market.
- 6) It should not be possible to limit the above principles of exhaustion, whether by notice or otherwise, but this does not preclude the possibility of the intellectual property rights holder seeking to impose conditions under contract law.
- 7) To the extent that the relevant intellectual property law permits of specific defences (for example for private and non-commercial use) these should be available in the case of reconstruction which otherwise would constitute infringement. The principle of exhaustion does not apply to such reconstructed product.