

Ink Cartridge Case
Exhaustion of patent right in recycled products
Supreme Court
Case H19 (Ju) No.826 (November 8, 2007)

FACTS

1. The appellee holds a patent relating to an ink cartridge for inkjet printers (Patent No. 3278410, hereinafter referred to as "410 Patent"). The patented invention has the following features:

(i) first and second members for generating a negative pressure are accommodated in a chamber and are in contact with each other with a pressure posed therebetween; and

(ii) a capillary force of a facet between the first and second members is greater than those of the first and second members.

These features are advantageous for preventing ink leakage.

Appellee's products relating to the '410 patent are on sale as disposable products, in view of maintaining printing quality. Accordingly, appellee's product has no opening for refilling ink.

2. The appellant imports and sells recycled products produced using appellee's products covered by '410 patent after they are used or consumed. The recycled product is produced by injecting ink to appellee's product. Specifically, appellant's product (the recycled product) is produced by creating an opening on the body on appellee's used product, washing the inside of the body, and newly injecting ink thereto. Washing the inside of the body serves to recover the function of the above-described first and second members.

3. The appellee filed a lawsuit seeking an injunction against the importation and sales of the recycled products by the appellant. The court decided that enforcement of this patent is not restricted in view of the doctrine of exhaustion.

ISSUE

When a patented product by a patent holder or an authorized licensee has been modified or had its components replaced, is the patent right enforceable against such a product? What is the criteria for deciding whether the patent right is enforceable or not?

COURT DECISION

1. When the patent holder or the authorized licensee sold the patented product, the patent regarding this patented product is exhausted (the doctrine of exhaustion or the first sale doctrine).

However, If the patented product has been modified or had its components replaced, and as a result, can be judged that the patented product is newly produced, and the newly-produced product is not identical to the original patented product, the patent holder is entitled to exercise the patent right over the newly-produced patented product.

Whether the patent product is "newly produced" should be determined by taking into consideration the following factors, for example:

- (1) characteristics of the patented product (such as a function, a structure, material, usage, duration, a way of using);
- (2) the content of the patented invention;
- (3) the manner of modification and component replacement (a condition of the

patented product after the modification or the like, content and extent of the modification, duration of the component that has been replaced, technical function and economical value of the component in the patented product); and (4) circumstances of trade.

2. Based on the above-mentioned criteria, the court decided that the appellant's products are newly produced and are not identical to the appellee's products before the modification. Accordingly, enforcement of this patent is not restricted in view of the doctrine of exhaustion, and the patent right is enforceable.