The Right to Repair, Refill and Recycle by Way of an Antitrust Defence

Comment on the Decisions *Ricoh I*, *Ricoh II* and *Brother*

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I. The Japanese Antimonopoly Act

The 1947 Japanese Antimonopoly Act (AMA)[1] prohibits three types of activities: private monopolisation (*shiteki dokusen*), undue restraints of trade (agreements between competitors) (*futō na torihiki seigen*) (both prohibited by sec. 3 AMA) and unfair trade practices (*fukōsei na torihiki hōhō*) (prohibited by sec. 19 AMA). While private monopolisation (defined in sec. 2(5) AMA) and undue restraints of trade (defined in sec. 2(6) AMA) require a "substantial restraint of competition", such is not necessary in the case of unfair business practices (defined in sec. 2(9) AMA) as these are presumed to impede fair competition. Of importance in the context of a right to repair are tying/tie-in sales and unjustly interfering with the business of a competitor under sec. 2(9)(vi) AMA and listed in the Japanese

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1 *Shiteki dokusen no kinshi oyobi kōsei torihiki no kakuho ni kansuru hōritsu* (Act on the Prohibition of Private Monopolisation and the Maintenance of Fair Trade), Law No. 54/1947.

Fair Trade Commission's (FTC)[2] designation for each type of unfair trade practice. Therefore, both types of conduct are further specified in the FTC General Designation of Unfair Trade Practices.[3] In item 10, tying/tie-in sales are defined as "unjustly inducing or coercing the customers of a competitor to deal with oneself", which requires tied goods to be purchased together with the tying goods. The conduct requires the purchase of specific goods in the market of supplementary goods (tied goods) after the purchase of the tying goods. In a case where a number of customers by purchasing goods are objectively required to purchase tied goods, there is a de facto obligation to purchase these tied goods. Item 14 of the General Designation prohibits "unjustly interfering with a transaction between another entrepreneur who is in a domestic competitive relationship with oneself, and its transacting party, by preventing the conclusion of a contract, or by inducing the breach of a contract, or by any other means whatsoever." In a case dating back to 2004, the FTC had applied this provision to *Canon*'s conduct of obstructing the rewrite of an IC chip and making the recycle of cartridges impossible without good reasons.[4]

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2 *Kōsei torihiki i'in-kai*.

3 *Fukō-sei no torihiki hōhō*, Designation No. 15/1982.
Unfair trade practices, as defined by the AMA: sec. 2(9)(i) joint trade refusal or restriction without justifiable ground; (ii) unjust discriminatory price; (iii) significant lower price without justifiable ground; (vi) restraint conditions without justifiable grounds; (v) unjust utilisation of a dominant position; (vi) other designated conducts. And sec. 2(9)(vi) lists the following general items for a further designation by the FTC: (a) unjust discriminatory handling; (b) unjust price; (c) unjust inducement or obligation; (d) unjust restraint condition; (e) unjust utilisation of one's own position; (f) unjust hindrance of trade between a competitor and others. The latest amendment of the Designation was made in 2009 and the current version provides each item as follows: (1) joint trade refusal; (2) other trade refusal; (3) discriminatory price; (4) discriminatory handling; (5) discriminatory handling by a trade association; (6) unjust discount; (7) unjust high price purchase; (8) deceptive customer inducement; (9) customer inducement by unjust advantage; (10) tying; (11) exclusive condition; (12) constraint condition; (13) unjustly interfering with another company's board member selection; (14) unjustly interfering with the business of a competitor; (15) internally interfering with another company. For unfair trade practices, see, e.g., F. SENSUI, *Dokusen kinshi-hō* [Antimonopoly Law in Japan] (2022) 318. M. MURAKAMI, *Dokusen kinshi-hō* [Antimonopoly Law] (2022) 66. For Designation No. 15 of 1982, see the website of the FTC *https://www.jftc.go.jp/dk/guideline/fukousei.html*.

4 The FTC on 21 October 2004 only published a press release related to the *Canon* case, as the case ended at the examination stage because *Canon* stopped the behaviour in question before the issuance of any order of the FTC or a court decision. For the relationship of the Patent Act and the AMA, see also C. HEATH/A. FURUTA (eds.), Japanese Patent Law – Cases and Comments (2019) 673, 681.

II. CONTEXT OF THE *RICOH* AND *BROTHER* CASES[5]

While both the *RICOH* and *Brother* cases concerned unfair trade practices, the legal context was quite different.

Brother concerned a cartridge supplier's request for injunctive relief against a design change by *Brother* that no longer allowed the supplier's cartridges to be used for *Brother* inkjet printers. Given that there was no technical reason for such change, *Brother*'s acts amounted to a monopolisation of the cartridge market for *Brother* printers and a de facto tying of cartridges to the sold printers – consumers could buy but *Brother's* cartridges for compatibility with *Brother'*s printers. As there was structural competition in the aftermarket (the market for cartridges) and *Brother*'s exclusionary practices were not mandated by technical or other justifications, the court found an antitrust violation. The court saw no need to further examine a contravention of item 14 (unjustly interfering with the business of a competitor). The interesting aspect of the *Brother* case is the fact that it did not emanate from an administrative action by the FTC but was a case of privately enforcing the AMA.

The *RICOH* cases had a similar factual background (exclusionary practices by making the refill of toner cartridges impossible), yet they were decided in the context of a patent infringement suit, which was a first for Japan and raised the general issue of the relationship between the AMA and intellectual property laws.

III. THE *BROTHER* DECISION

The late 1980s and early 1990s saw a wave of private lawsuits against acts in commerce that contravened certain provisions of the AMA, namely by way of unfair trade practices.[6] Two of these cases concerned the refusal of the *Toshiba* group to supply spare parts for elevators without providing a corresponding service of repair.[7] Plaintiff in the first case was a company

5 A translation of the three court decisions follows this article at p. 117.

6 C. HEATH, Bürgerliches Recht, Wettbewerbsrecht und Kartellrecht in Japan, Wirtschaft und Wettbewerb 1995, 93; W. VISSER T'HOOFT, Japanese Contract and Anti-Trust Law (2002).

7 Both cases: Ōsaka High Court, 30 July 1993, Case No. 1990 ne 1660, Hanrei Jihō 1479, 21 = Hanrei Taimuzu 833, 62 – *Toshiba Elevator* = NBL 459, 6 w. comment NEGISHI and NBL 459, 12 w. comment MIYAJIMA = NBL 471, 18 w. comment SHIRAISHI = Kōsei Torihiki 481, 4 w. comment KANEKO. For commentaries on this case with related cases, see also M. FUJITA, in: Kanai *et al.* (eds.), *Keizai-hō hanrei/shinketsu hyakusen* [100 Selected Competition Law Cases] (2nd ed., 2017) 130; T. SHIRAISHI, *Dokkinhō jirei-shū* [An Analytical Guide to the Leading Competition Law Cases in Japan] (2017) 50; SENSUI, *supra* note 3, 543; MURAKAMI, *supra* note 3, 171.

that had purchased *Toshiba* elevators yet concluded the maintenance service contract with a third party. The request for the supply of spare parts was refused by *Toshiba*, as spare parts would only be sold together with the service of repair, or alternatively delivery would take place only after three months. In the second case, the plaintiff was the repair service company (a third party in the first lawsuit) that was equally denied supply of spare parts. The court in the first case held that *Toshiba* was liable for a prohibited scheme of tie-in sales, as customers could effectively only purchase spare parts with a corresponding repair service. In the second case, the court found that such scheme also amounted to an undue interference with a competitor's business. As a remedy, the court did not order prompt delivery, but only (rather low) damages.

In comparison with these early tying cases, the *Brother* case was the first antimonopoly case where an unlawful technical tying for the so-called aftermarket (subsidiary goods or service market after supplying of main goods or service) was acknowledged by a court.[8]

In this case, the defendant *Brother*, a printer/authentic cartridge manufacturer, made a circuit design change to its new printers. Thereby, the previously compatible cartridges became unusable for the defendant's printers. Then, the plaintiffs, *Color Creation* and *Elecom*, compatible cartridge suppliers, brought the case before the court.

This *Brother* court decision assesses at first whether there is a technical necessity to make such circuit design change. Should there be sufficient technical necessity for improvement or innovation of products, this would provide a justification for such behaviour even when leading to the exclusion of compatible cartridges from the market. Normal technical development should be considered as part of fair technical competition that does not qualify as unlawful conduct under the AMA. The defendant *Brother* here argued that there were technical reasons for the circuit design change, which the court found unconvincing. In the authors' view, the court's assessment is properly set out for this point.

For an unlawful tying under the AMA, there should be (α) a separation between the tying goods and the tied goods, (β) the obligation of trade/purchase and (γ) hinderance of fair trade. Among these, condition (β) is determined

8 A typical tying/tie-in sale (*dakiawase hanbai*) is a bundling sale where tying goods and tied goods are sold as bundling. This *Brother* case is not a simple tying, as the technical measures were taken after the sale of the printers (tying goods) to restrict the use of compatible cartridges (tied), similar to the above FTC *Canon* case of 2004. The FTC at that time assessed that *Canon* had made a specification change of printers to exclude recycled cartridges in breach of the AMA. But the *Canon* case ended at the examination stage before the FTC and was not taken to court.

based on whether, objectively, more than a few customers are obliged to purchase goods in addition to the tying goods, and condition (γ) is determined by the unlawfulness of the means as such or the diminishment of free trade.[9]

Condition (α) – tying and tied goods are separate – was not in dispute in this case. For condition (β) – obligation of purchase – the court from the facts appropriately assessed that more than a few customers were obliged to purchase authentic cartridges. For condition (γ) – hinderance of fair trade –, the court considered that there was a diminishment of free trade in the market for cartridges usable with the new printers, while the per se unlawfulness of the circuit design change was addressed only as a negative condition, namely that there was no technical justification. The circuit design change obliged the purchasers of new printers to buy the defendant's authentic cartridges and thereby excluded compatible cartridge suppliers from the above market. In the authors' view, the court's holding appears reasonable. The act of tying should also include acts in the aftermath of the sale of the printers that have an anti-competitive effect on the market for usable cartridges (aftermarket).

Also important is the court's holding that the market for the tied goods should be the market for cartridges usable for the defendant's new printers as tying goods. Fair competition should be maintained in this market where printer/authentic cartridge manufacturers and compatible cartridge suppliers are in competition. After all, users of a specific printer have to choose a cartridge suitable for this specific printer, which amounts to a lock-in condition: The availability of different cartridges is objectively of no use to consumers. Competitors in the market for suitable cartridges should not be unreasonably excluded by an unnecessary change in the printer's specifications. Even acknowledging a printer manufacturer's business model of bundling printer/authentic cartridge in order to recoup investment by monopolising the sale of profitable cartridges, the existence of such business model should not per se be a justifiable ground to exclude third parties' goods from an existing cartridge market. The printer manufacturer's power should be limited for the benefit of market competition.[10]

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9 As an examplary case of unlawful tying and its assessment, see FTC, 14 December 1998, Case No. 1998 kan 21, Shinketsu-shū 45, 153 – *Microsoft* [Bundling of Excel and other office software should be an unlawful tying]. English translation in International Review of Intellectual Property and Competition Law (IIC) 30 (1999) 478. For a commentary on this case, see K. ISHIOKA, in: Kanai *et al.* (eds.), *supra* note 7, 128.

10 For commentaries on the *Brother* case, see T. SHIRAISHI, Jurisuto 1568 (2022) 6; M. WAKUI, Rinjizōkan Jurisuto 1570 (2022) 223; S. SHISHIDO, Shin Hanrei Kaisetsu Watch 30 (2022) 263; K. SUMIDA, Jurisuto 1572 (2022) 113. The commentators agree with the conclusion of this case. SHIRAISHI, SHISHIDO and SUMIDA state, however, that the application of item 14 of the FTC Designation [unjustly interfer-

Further, it should be noted that the *Brother* case is an example of private antitrust enforcement. Normally, the AMA is administratively enforced in that the FTC examines a suspected case and issues an order that can be appealed before the Tōkyō District Court. But an affected person can also directly claim an injunction under sec. 24 AMA and damages under secs. 25, 26 AMA and/or sec. 709 Civil Code.[11]

The reluctance of the courts to provide adequate remedies (namely injunctive relief) in private lawsuits based on antitrust violations led to the enactment of sec. 24 AMA, according to which "a person whose interests are prejudiced […] by an act contrary to […] sec. 19 [prohibition of unfair trade practices] and who has incurred or is likely to incur significant damage is entitled to request cessation of such violation." This provision for injunctive relief was finally introduced by an amendment to the AMA of 2000 and entered into force on 1 April 2001. While damage awards depend on the type of conduct and other circumstances of each case, injunctive relief was acknowledged by the courts in very few cases.[12]

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ing with the business of a competitor] would have been more appropriate because the assessment of the market for the tying goods (printers) is unclear and the application of item 14 to trade hinderance in the defined aftermarket would lead to a simpler and more natural reasoning.

11 Secs. 25, 26 AMA provide an "irrebuttable" presumption of damages, yet they require a previous FTC order ascertaining an AMA contravention. In other civil cases like this *Brother* case, damages are claimed just under sec. 709 Civil Code (*Minpō*, Law No. 89/1896).

12 Two cases have been published: Ōsaka High Court, 31 October 2014, Case No. 2014 ne 471, Hanrei Jihō 2249, 38 = Hanrei Taimuzu 1409, 209 – *Shintetsu Taxi*; Tōkyō District Court, 30 March 2011, Case No. 2010 yo 20125, Kanai *et al.* (eds.), *supra* note 6, 242 – *Dry ice/Provisional disposition*. For commentaries on these injunction cases, see K. HAGIWARA / Y. KASHIWAGI in: Kanai *et al.* (eds.), *supra* note 6, 236, 242. For other cases where an injunction was discussed but denied, see, e.g., Tōkyō High Court, 28 November 2007, Case No. 2006 ne 1078, Hanrei Jihō 2034, 34 – *Yu-Pack*. For a commentary on this *Yu-Pack* case, see Y. ŌUCHI, in: Kanai *et al.* (eds.), *supra* note 6, 238. For an English translation of the District Court decision of *Yu-Pack* and the historical development of injunctive relief under the AMA, see Tōkyō District Court, 19 January 2006, Case No. 2004 wa 20498, International Review of Intellectual Property and Competition Law (IIC) 38 (2007) 363 = ZJapanR / J.Japan.L. 25 (2008) 245 – *Yu-Pack* w. comment HEATH. The requirement of "significant" damages has been criticised as unclear and its deletion suggested, see, e.g., T. SHIRAISHI, *Dokusen kinshi-hō* [Antimonopoy Law] (2016) 727; T. KANAI *et al.* (eds.), *Dokusen kinshi-hō* [Antimonopoly Law] (2018) 559; SENSUI, *supra* note 3, 738; MURAKAMI, *supra* note 3, 517. For damages and injunction, see also M. MURAKAMI *et al.* (eds.), *Dokusen kinshi-hō-tō songai baishō sashitome seikyū* [Antimonopoly Law and Damages and Injunction] (2018).

IV. THE *RICOH* DECISIONS

1. *Antitrust and Intellectual Property Rights (IPRs)*

A patent right under the Patent Act[13] is an exclusive, i.e., monopolistic, right. In this regard, sec. 21 (previously sec. 23) AMA provides that "the provisions of this Act shall not apply to acts that qualify as the exercise of rights under the Copyright Act, the Patent Act, the Utility Model Act, the Design Act, or the Trade Mark Act."[14] The exact scope of this exception has been amply discussed in legal literature and can be summarised as follows:

One of the earliest views was taken by TOYOSAKI in 1956. TOYOSAKI[15] specifically denies that there is any contradiction between patent law and antitrust law. TOYOSAKI then mentions that only certain conditions in licensing agreements can be considered part of the patent right. 20 years later, MONYA[16] sees it as an issue of friction that the AMA may prohibit monopolies, while the Patent Act may cause them. However, both laws aim at the development of domestic industry. In that respect, market monopolies cannot be justified by a patent right, as they often lead to an inhibition of competition in research. The purpose of the patent monopoly is not the protection of a strong position in commerce, but rather the possibility of obtaining a just reward. KAWAGUCHI[17] takes the view that sec. 23 AMA should be deleted and, rather, a comparative analysis on the respective scopes of protection of both patent law and antimonopoly law should decide on the scope for the application of secs. 3 (undue restraints of trade) and 19 (unfair business practices) AMA. Also SHŌDA[18] takes the view that sec. 23 is a self-explanatory provision and that the exercise of intellectual

13 *Tokkyo-hō*, Law No. 21/1959.

14 Copyright Act (*Chosaku-ken-hō*), Law No. 48/1970; Utility Model Act (*Jitsuyō shin'an-hō*), Law No. 123/1959; Design Act (*Ishō-hō*), Law No. 25/1959; Trade Mark Act (*Shōhyō-hō*), Law No. 127/1959.

15 K. TOYOSAKI, *Kōgyō shoyū-ken-hō* [Industrial Property Law] (1956) 273 et seq. Koe TOYOSAKI was a professor of trade law and the first Japanese scholar to specialise on intellectual property law after the Second World War. He was also an early visitor to the (then) newly founded Max Planck Institute for International and Comparative Patent, Copyright and Competition Law in Munich.

16 N. MONYA, *Tokkyo-ken, know-how to dokusen kinshi seisaku* [Patent Law, Know-How and Antitrust Policy], in: *Dokusen kinshi-hō Course II* [Course on the Antitrust Law II] (1976) 293 et seq.

17 H. KAWAGUCHI, *Tokkyo-ken no kōshi to Dokusen kinshi-hō no kankei* [The Exercise of Patent Rights, etc., and Its Relation to the Antimonopoly Act], Keizai-hō 21 (1978) 23 et seq.

18 A. SHŌDA, *Zentei Dokusen kinshi-hō I* [Commentary on the Antimonopoly Act, Vol. 1] (1981) 223 et seq.; also *idem*, Patentlizenzverträge im japanischen Antimonopolgesetz, GRUR Int. 1997, 206 et seq.

property rights in toto should be made subject to the provisions of the AMA. In the 1990's, NEGISHI[19] regarded intellectual property rights as "competition laws in the broader sense". In his view, both the AMA and intellectual property laws complement each other. Intellectual property rights would stimulate dynamic competition, while the AMA provided methods to curb restrictions resulting from the unfair use of intellectual property rights. Both the AMA and intellectual property rights should be interpreted as preventing acts of unfair copying, free-riding on the achievements of others, and the undue exploitation of achievements without due cause. Particularly the latter aspect could explain why the AMA prohibited the use of intellectual property rights in order to achieve restrictions that could not be justified by the scope of the right as such. The exercise of intellectual property rights for purposes other than prevention of copying and piggy-backing constitutes an abuse of such rights and is subject to the AMA. NAKAYAMA[20] regards the stated purpose of the Patent Act as well as the AMA as basically identical despite different wording. He sees both laws as supporting each other in order to achieve a wholesome development of industry. NAKAYAMA thus regards sec. 23 as having only declaratory character. In the most detailed analysis, HIENUKI[21] takes the view that intellectual property laws on the one side and the AMA on the other share no common purpose, yet complement each other in the development of the economy. Sec. 23 AMA was a provision that confirmed that the prevention of undue copying would not go against free and fair competition and thus would not contravene the purpose of protecting the AMA. On the other hand, the AMA would apply once the exercise of the patent right had effects that limited competition, and where such limitation of competition was primarily done for the purpose or with the effect of suppressing normal competition. HIENUKI's point of reference is sec. 100 Patent Act and the right to request injunctive relief and damages against acts considered infringing. Acts undertaken by the patentee with such purpose in mind are consistent with free and fair competition, as the AMA only protects competition based on achievements rather than on imitation. Finally, SHIBUYA[22]

19 A. NEGISHI, *Chiteki zaisan-ken-hō to Dokusen kinshi-hō* [Intellectual Property Rights and the Antimonopoly Act], Nihon Kōgyō Shoyū-ken Hōgaku-kai Nenpō 15 (1991) 65.

20 N. NAKAYAMA, *Kōgyō shoyū-ken-hō I* [Industrial Property Rights, Vol. I] (1994) 38 et seq.

21 T. HIENUKI, *Chiteki zaisan to Dokusen kinshi-hō* [Intellectual Property and the Antimonopoly Act] (1994).

22 T. SHIBUYA, *Tokkyo-hō to Dokusen kinshi-hō* [Patent Law and Antimonopoly Law], in: *Kokusai-ka jidai no Dokusen kinshi-hō no kadai* [The Task of the Antimonopoly

mentions three new aspects: First, he states that a refusal to license should not be considered a case of private monopolisation because the Patent Act already offers the possibility of granting compulsory licenses, a provision tailor-made for preventing the non-use of patents and thus taking precedence over remedies under the AMA. Second, SHIBUYA considers the use and exercise of homemade inventions as exempt from sec. 23, though not the use and exercise of patent rights purchased from third parties. The use of homemade inventions and patent rights could be likened to a natural monopoly, the use of purchased ones could be likened to attempts of private monopolisation. Third, SHIBUYA mentions sec. 6 of the old Unfair Competition Prevention Act of 1934 that exempted acts under intellectual property rights from the application of the law. SHIBUYA notes that this provision was basically identical to sec. 23 and might have served as a reference. The old provision in the Unfair Competition Prevention Act could only be invoked against charges of causing confusion in trade, yet not in connection with licensing agreements.

It is interesting to note that despite differences in the details, both intellectual property as well as antitrust specialists are of the unanimous opinion that sec. 23 does not justify restrictive clauses in licensing agreements. Yet it took the FTC a long time to explicitly state its opinion on how to apply sec. 23 AMA. One would have expected an opinion in the first guidelines on patent and know-how licensing agreements of 1968.[23] However, these guidelines were based on sec. 6 AMA, the prohibition of unfair business practices in international agreements. The guidelines were thus less concerned with IPRs as such than with restrictions imposed on the (presumably weaker) Japanese licensee. Only the subsequent 1999 guidelines make explicit mention of the relationship between IPRs and the AMA:

"[…] For instance, even if an act is, on its face, considered to be an exercise of rights under the Patent Act, etc., if said act is conducted under the pretext of exercising rights but in reality is considered to be employed as part of a series of acts that constitute an unreasonable restraint of trade or private monopolisation, said act is considered to deviate from or to run counter to the purposes of the IPR system to, among other things, encourage innovation and, for this reason, the said act is no longer deemed an 'act rec-

Act in an Era of Internationalisation], Writings in Honour of Akira Shōda, (1993) 578 et seq.

23 Guidelines for International Technology Import Agreement (*Kokusai-teki gijutsu dōnyū keiyaku ni kansuru nintei kijun*) of 1968, superseded and amended by Guidelines for the Regulation of Unfair Trade Practices with Respect to Patent and Know-How Licensing Agreements (*Tokkyo, know-how license keiyaku ni okeru fukōsei na torihiki hōhō no kisei ni kansuru unyō shishin*) of 1989 and Guidelines for Patent and Know-How Licensing Agreements on the Antimonopoly Act (*Tokkyo, know-how ni kansuru Dokusen kinshi-hō-jō no shishin*) of 1999, respectively.

ognisable as the exercise of rights' under the Patent Act, etc., and is subject to the Antimonopoly Act […]."

One of the underlying considerations of the FTC when issuing the Guidelines on Patent and Know-How Agreements of 1968, 1989 and 1999, and the latest Guidelines for the Use of Intellectual Property Rights under the Antimonopoly Act of 28 September 2007,[24] was to prevent cases where the leverage of an intellectual property right was used to impose other restrictions that were deemed anti-competitive. Cases decided by the FTC concerned tie-in sales[25] or resale price maintenance schemes.[26]

2. *Estoppel of Anti-competitive Conduct*

Thus, while there were precedents on the anti-competitive exercise of IP rights, the novel question was whether the exercise of a patent right that conflicts with the AMA could be considered an abuse of right and thereby make the patent unenforceable in infringement proceedings by way of estoppel under the theory that patent rights cannot be enforced when their enforcement is contrary to sec. 1(2) and (3) Civil Code ("The exercise of rights and performance of duties must be done in good faith. An abuse of rights is not permitted.")[27] There is however a global trend to limit the exercise of patent rights in cases of an undue obstruction with a competitor's business.[28]

Now, even if there existed some cases where an antimonopoly defence was discussed, as far as the authors know, the *RICOH Toner Cartridges I* case[29]

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24 *Chiteki zaisan no riyō ni kansuru Dokusen kinshi-hō-jō no shishin*, For the current version after the amendment of 2016, see the website of the FTC *https://www.jftc.go.jp/dk/guideline/unyoukijun/chitekizaisan.html*.

25 *Microsoft* case, *supra* note 9.

26 FTC, 13 September 1965, Case No. 1965 kan 19, Shinketsu-shū 13, 72 – *Yakult* [resale price maintenance scheme for imported patented products].

27 This defence was established by the Supreme Court's so-called *Kilby* decision of 2000 and later stipulated in sec. 104-3 Patent Act. For the *Kilby* defence and an abuse of rights, see C. HEATH / A. FURUTA (eds.), *supra* note 4, 537. Yet it took the courts almost 100 years to establish the defence based on an abuse of rights.

28 In a decision of the Munich District Court (24 February 2020, 7 O 1456/20), a patentee (*Yeda*), by filing a multitude of divisional applications and withdrawing them just prior to the hearings related to their validity, had unduly obstructed the business of a competitor, which under German law is not an antitrust offence but one under unfair competition prevention law ("Behinderungswettbewerb"). Currently, the case is also being investigated against *Yeda*'s licensee *Teva* by the European Commission.

29 In this case, the plaintiff *RICOH* sought to enforce its patent right by filing an infringement action with the Tōkyō District Court (first instance, *RICOH Toner*

was the first where a court squarely acknowledged an antimonopoly defence. The defendants were obliged to replace the plaintiff's patented non-rewritable electronic parts with their own electronic parts for the production of their recycled toner cartridges. Otherwise, the used toner cartridges would display the remaining toner amount as "?" in the plaintiff's printers.

However, although agreeing with the general principle of the antimonopoly defence, the High Court in *RICOH Toner Cartridges II* denied its application in the concrete case and reversed the conclusion of the District Court based on almost the same evidence and arguments.

The general question for the antimonopoly defence for both courts was the same, namely whether the patent right holder's measures were sufficiently necessary and reasonable to justify the restriction on the use of products in circulation, something that for patented products should be guaranteed by the doctrine of exhaustion after the first marketing of a patented product.[30] The first and second instance courts differed mainly in the assessment of the effect the plaintiff's measures had on the trade in used products.

The District Court assessed that the effect was appreciable, holding that the burden of preparing spare toners would not be small and that the recycled toner cartridges were ineligible for public bids unless the electronic parts at issue were replaced to display the remaining toner amount. The plaintiff's explanations as to the technical necessity of the measures were not found convincing.

On the other hand, the High Court assessed that the effect was small, holding that the burden on users to prepare spare toners was not significant, the correct display of remaining toner amount was not a condition for participating in public bids, the recycled goods suppliers could inform customers by way of a label such as "no toner amount display after recycling", and the plaintiff has reason for controlling the accuracy of the remaining toner amount display in its printers.

Cartridges I), and by subsequently filing an appeal with the Intellectual Property High Court (*RICOH Toner Cartridges II*).

30 For the theory of exhaustion, two Supreme Court decisions can be cited: Supreme Court, 1 July 1997, Case No. 1995 o 1988, Minshū 51-6, 2299 = Hanrei Jihō 1612, 3 = Hanrei Taimuzu 951, 105 – *BBS Car Wheels III*. English translation in International Review of Intellectual Property and Competition Law (IIC) 29 (1998) 331 and C. HEATH/A. FURUTA (eds.), *supra* note 4, 337 w. comment HEATH. Supreme Court, 8 November 2007, Case No. 2006 ju 826, Minshū 61-8, 2989 = Hanrei Jihō 1990, 3 = Hanrei Taimuzu 1258, 62 – *Canon Ink Cartridge*. English translation in International Review of Intellectual Property and Competition Law (IIC) 37 (2006) 867 and C. HEATH/A. FURUTA (eds.), *supra* note 4, 321 w. comment MOHRI.

In addition, the High Court also denied the inevitable infringement for displaying the remaining toner amount that was affirmed by the District Court.[31] Both assessments can be justified to a certain extent, while the assessment of the High Court has now become definitive and final. Yet the *RICOH* decisions may only be the starting point for a wider discussion.

As the *Brother* case of 2022 or the previous *Canon* case of 2004 indicates, a manufacturer's power over its main (tying) goods should be limited in relation to competition in an existing (tied) goods market (aftermarket). There, the compatible or recycled cartridges became completely unusable after the specification changes of the printers. In comparison with those cases, in *RICOH* only the remaining toner amount became unknown, and even without replacing the patented electronic parts, the cartridges could still be used with the printers at issue.

The point whether or not the measures at issue block the basic printing function in the printers should certainly be considered. But, even if the printing function as such is not blocked, there is still room to discuss the following questions: Is the effect of the memory rewrite restriction in the printers actually small in relation to the recycled goods market? Is there indeed a reasonable technical ground for the rewrite restriction?

For the first question, selling the recycled toner cartridges without replacing the electronic parts would not allow users to know the remaining toner amount by way of the printer's displays. Users would usually select the recycled toner cartridges with the understanding that these are recycled goods. But the defect of not knowing the remaining toner amount would be a disadvantage in the toner cartridge market and could influence the decision which usable toner cartridges to buy. And even if public tenders would not explicitly require that there be an indication of the remaining toner, it is clear that this will influence the decision on which bidder to win the tender.

As to the second question, the main reason for the rewrite restriction as argued by the plaintiff is to control the display accuracy of the remaining toner amount – a justifiable reason, to a certain extent. However, even it were difficult to maintain the same level of accuracy as in the authentic goods, the supplier of recycled goods could make their own efforts in accu-

31 How to avoid this is not visible in the published version of the court's decision. The authors' guess is that patent infringement could be avoided where the electronic part's board was made in a non-hole adaptive form. But avoiding infringement would be difficult at first sight and certainly require trials for the adaption. Here is not the place to go further into technical details, but it would also be questionable whether the possibility of avoiding patent infringement by means of a work-around could be taken into account in the assessment of an antimonopoly defence, because it was disclosed probably only during the oral hearing.

rately displaying the remaining toner amount when refilling and rewriting the memory (provided there were no rewrite restrictions) or replacing electronic parts. There might thus be a protectable interest on the side of the suppliers of recycled goods. It should also be taken into consideration that all of the patents at issue relate just to the form of the electronic chip rather than to the memory rewrite restriction or to maintaining the accuracy of the toner amount. It would be reasonable to assume that the patentee was aware that any rewrite restriction measures would lead to, either, an incorrect display of the remaining toner, or a patent infringement. Given that the patentee has obtained a monopolistic profit from the first sale, the interests of the patentee in preventing recycle may not necessarily merit protection. It looks questionable to allow the patentee via technical measures to control how the recycled toner cartridge information is displayed in its printers and to influence the circulation of recycled goods in the market by an incorrect display of information. It is not without irony that the Ōsaka District Court in a decision of 2017[32] held that an information display such as "Designated Toner" (*shitei no toner*) and the remaining toner amount in recycled toner cartridges after resetting the IC chips could qualify as a misleading indication under the Unfair Competition Prevention Act: Should this be correct, refillers of *RICOH* cartridges could be liable either for patent infringement (when changing the chip to ensure a correct display of the remaining toner amount) or for unfair competition (when not changing the chip and allowing incorrect information to be displayed). In this *Displayed Indication* case, an antimonopoly defence was also argued but rejected by the court, because a print could be made and the resetting of IC chips was not necessary for the recycled toner cartridge.

Given the above, in the authors' view, the reasoning of the District Court would be more appropriate than the one of the High Court. The discussion of an antimonopoly defence against a technically necessary patent infringement should be further deepened in future cases.[33]

32 Ōsaka District Court, 31 January 2017, Case No. 2014 wa 12570, Hanrei Jihō 2351, 56 – *Displayed Indication by Setting Printer Toner*. For commentaries on this case, see M. MIYAWAKI, Law and Technology 79 (2018) 35; K. IZUMI, Shin Hanrei Kaisetsu Watch 22 (2018) 255.

33 For comments on the Tōkyō District Court's decision, see R. TANAKA, Jurisuto 1558 (2021) 6; M. FUJITA, 1559 Jurisuto 1559 (2021) 107; M. MIYAI, Shin Hanrei Kaisetsu Watch 29 (2021) 259; Y. TAMURA, Shin Hanrei Kaisetsu Watch 29 (2021) 289; W. ZHANG, Jurisuto 1573 (2022) 137; W. ZHANG, Chiteki Zaisan-hō Seisakugaku Kenkyū 63 (2022) 217. For a recent comment on the IP High Court's decision, see T. MIZOGAMI, Chizai Kanri 73-2 (2023) 212. In the authors' view, the District Court's holding appears reasonable, although as Japanese patent law experts we

V. REMARKS ON THE SO-CALLED "RIGHT TO REPAIR"

In an editorial to the journal GRUR Int. in 2022, Henning GROßE-RUSE KHAN asked the question "Is IP good for the environment?".[34] According to him, "our use and abuse of technology is a – if not the – principal cause of most of the essential risks to our survival on this planet. That should call into question IP's uncritical embracing of 'technological innovation' as well as its 'transfer and dissemination'… there is no reason to settle for an IP system that is unambiguously pro technological innovation without critically reviewing its impact on the continued destruction of our planet." The ambiguity of intellectual property law in solving environmental problems is reflected in the area of reuse, repair, refill and recycle. While new inventions may offer solutions to environmental problems, the fabric of intellectual property law as an instrument of a competition-based economy may equally allow the owners of intellectual property rights to block attempts to interfere with consumption-driven models of profit maximization. Reversing Aldous HUXLEY's *Brave New World* logic of "Ending is better than mending" will take much more than the presence or absence of intellectual property rights, but we must make sure that the latter do not unduly interfere with such change.

1. *The Relevant Issues*

In connection with intellectual property rights, the right to repair has three layers, at least.

The first is the position and interpretation of intellectual property rights in the broader context of societal interests. Intellectual property rights, for better or worse, have been equated with property rights,[35] although their

agree that it is an unusual and rare court decision. The assessment of the District Court decision differs among the commentators, and the discussion on the antimonopoly defence in Japan will continue further after the High Court decision: M. FUJITA agrees with the general principle but states that the fact finding of the District Court is insufficient. M. MIYAI states that the District Court's reasoning why the AMA can be applied to the rewrite restriction measures is unclear. Y. TAMURA and W. ZHANG propose an analogous application of exhaustion principles or an abuse of right theory in line with the IP High Court's *Canon Ink Cartridge* decision.

34 H. GROßE-RUSE KHAN, Is IP good for the environment?, GRUR Int. 2022, 683.

35 ECHR, 11 January 2007, case 73049/01 *Budweiser v. Portugal*. A dimension that has arguably not been appreciated in the discussion on equating property and intellectual property is this: "Property rights are scalable to a global dimension irrespective of a fragmentation of public power along national boundaries. Liberal rights can be recognized as limitations of national public power irrespective of where the right holder is located. And irrespective of their nature and substance, the objects of

inexhaustible nature makes exclusivity a purely cognitive construct: Not reality, but thinking makes it so. In addition to their newly acquired status, IP rights have been extended under international trade agreements (WTO/TRIPS), bilateral or multilateral investment agreements or under EU law.[36] Enforcement mechanisms hitherto unknown in the sphere of IP rights, namely dispute resolution in the context of the WTO, and investor-state dispute settlements have been added. In the European context, some scholars have remarked that IP rights are out of control.[37] One reason for this conclusion is the fact that while IP rights have become far more pervasive in society than ever before, their limits have not been adjusted accordingly. The criticism is three-fold: first, whether such newly empowered IP rights can still perform their function of fostering – rather than stymying – innovation[38] and creativity;[39] second, whether intra-systemic limits of IP rights are inadequate;[40] and, third, whether the courts have failed to proper-

these rights can be recognized as universal or portable across borders." (T. ACKERMANN, Private Rights and Public Autonomy in a Fragmented World: Why an Institutional Perspective of Intellectual Property and Competition Law Matters, GRUR Int. 2023, 207). In other words, the fact that intellectual property rights are territorial speaks against their qualification as property (and thereby universally accepted human) rights.

36 H. LADDIE, The Insatiable Appetite for Intellectual Property Rights, in: Current Legal Problems (2008) 401.

37 R. JACOB, Is IP out of control?, Journal of Intellectual Property Law & Practice (2020) 98–102.

38 "Innovation requires freedom from occupying rights that try to monopolise knowledge. Inventions are made without interruption. Today, many inventors stumble upon older patent rights that partly overlap with their inventions and block their use. Patent law meant to protect inventors causes the opposite and prevents innovation. The inventive power of your researchers is ruled through dead heritage. Only a fraction of all possible innovation passes through this needle eye. The owners of old patents that stack their rights and guard them like old dragons in reality are parasitic treasure traders." Interview with the author Alexander KLUGE, in: brandeins, Thema Innovation (2016) (in German).

39 In European copyright law, preference has been given to harmonisation over incentive. In the case of duration of protection, harmonization meant that all other EU countries had to follow Germany in granting protection for 70 rather than 50 years in the aftermath of the *Phil Collins* decision: CJEU, Joined Cases C-92/92 and C-326/92 *Phil Collins v Imtrat Handelsgesellschaft mbH et al.* (1993) EU:C:1993:847. Harmonised protection of design and copyright law means that the former will be able to obtain 70 years of protection without any qualifying restrictions: C-683/17 *Cofemel – Sociedade de Vestuário SA v G-Star Raw CV*, EU:C:2019:721.

40 Namely in the field of copyright law. Different from US law, copyright law in the EU and in Japan has no general fair use exemption that would mitigate overly broad

ly balance IP rights – or their enforcement[41] – with constitutional guarantees,[42] general principles of civil law[43] or policies protecting health[44] or the environment.

The second layer is an interpretation of IP rights that deter commercial attempts of repair and recycle due to legal uncertainty. In the field of patents, this relates to the relationship between exhaustion and repair/recycle,[45] in the field of trade marks to the proper indication of repaired or recycled goods,[46] and in the field of copyrights to the copying and

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rights such as the "communication to the public". See T. UENO, The Flexible Copyright Exception for 'Non-Enjoyment' Purposes – Recent Amendment in Japan and Its Implication, GRUR Int. 2021, 145.

41 In the German decision of the Düsseldorf District Court of 9 March 2017, 4a O 137/15, CIPR 2017, 74 – *Herzklappen*, the court granted an unmitigated injunction despite the fact that no immediate replacement for the infringing heart valves was available and patients' lives might be at risk. Compare this to the flexible US approach in the US Supreme Court, *eBay v. MerckExchange*, 547 US (2006).

42 To which also the environment can be counted: German Constitutional Court, decision of 24 March 2021, *https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/EN/2021/03/rs20210324_1bvr265618en.html*.

43 It is not a badge of honour for the German judiciary that it needed a (much opposed) reform of sec. 142 German Patent Act to clarify that granting an injunction in patent matters was subject to the general principles of civil law such as good faith: M. STIERLE/F. HOFFMANN, The Latest Amendment to the German Law on Patent Injunctions: The New Statutory Disproportionality Exception and Third-Party Interests, GRUR Int. 2022, 1123. The Japanese stance is different based on the seminal *Kilby* decision: Supreme Court, 11 December 2000, English translation in HEATH/FURUTA (eds.), *supra* note 4, 529 – *Kilby III*.

44 Recognised in the WTO decisions WT/DS435/R, WT/DS441/R, WT/DS458/R and WT/DS467/R in connection with legislation related to plain packaging and whether this would mean an undue restriction of trade mark rights.

45 E.g. German Federal Supreme Court, 24 October 2017, IIC 2018, 972 – *Drum Unit*. The case concerned the refill of toner cartridges, including the replacement of certain parts that were part of the patent claim, yet it did not concern the inventive concept as such. While the first two instances found for infringement, the Supreme Court did not based on its interpretation of exhaustion.

46 In principle, trade marked goods that have been commercially altered after their marketing are considered infringing because the origin function has been compromised. Yet according to European case law, even attempts to avoid this result by removing the trade mark on spare parts is considered infringing: CJEU, Case C-129/17 *Mitsubishi Shoji Kaisha Ltd and Mitsubishi Caterpillar Forklift Europe BV v Duma Forklifts NV and G.S. International BVBA* (2018) EU:C:2018:594. A different stance was taken by the Court of Appeal of England and Wales in *Boehringer Ingelheim KG & Anor v Swingward Ltd* [2008] EWCA Civ 83, [51]–[53]: "Total

distribution of repair manuals,[47] or the circumvention of technical protection measures that prevent repair, refill or recycle.[48] Even rules of unfair competition law have been invoked against the sale of refilled cartridges that led to incorrect indications of the level of remaining ink[49] – something brought about by the plaintiff/manufacturer of the cartridges themselves.

The third is the reluctance of judges to unmask IP infringement suits against repair and recycle for what they are: a thinly disguised attempt to uphold a business model[50] whose profits can only be realised by obstructing (or monopolising) the market for repair, recycle, refill or replacement.[51]

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de-branding in general is far from uncommon.… To say that removing (or not applying) the original supplier's mark to the goods amounts to an infringement would be absurd: traders have … applied their own trade marks to goods for centuries. There is no harm in it. … Going back to the legislation, such total de-branding is clearly not an infringement. There is simply no use of the trade mark in any shape or form. Total de-branding does not fall within Art. 5 at all. No defence is needed. … So a trade mark owner has no right to insist that his trade mark stays on the goods for the aftermarket." The CJEU's interpretation has been followed by the Norwegian Supreme Court in *Apple v. Huseby*, 2 June 2020, where the coverage of logos and labels of spare parts was deemed insufficient to prevent infringement (HR-2020-1142-A, sak nr. 19-141420SIV-HRET).

47 A. D. ROSBOROUGH, Zen and the Art of Repair Manuals: Enabling a Participatory Right to Repair through an Autonomous Concept of EU Copyright Law, Vol. 13 No. 2 Journal of Intellectual Property, Information Technology and Electronic Commerce Law Vol. 13 No. 2 (2022) 119–120.

48 A. D. ROSBOROUGH, Unscrewing the Future: The Right to Repair and the Circumvention of Software TPMs in the EU, Journal of Intellectual Property, Information Technology and Electronic Commerce Law Vol. 11 No. 1 (2020) 26; E. DERCLAYE, Repair and Recycle between IP Rights, End User License Agreements and Encryption, in: C. HEATH/A. KAMPERMAN SANDERS (eds.), Spares, Repairs and Intellectual Property Rights (2009).

49 Ōsaka District Court, 31 January 2017, Case No. 2014 wa 12570, Hanrei Jihō 2351, 56 – *Displayed Indication by Setting Printer Toner*. For commentaries on this case, see M. MIYAWAKI, Law and Technology 79 (2018) 35; K. IZUMI, Shin Hanrei Kaisetsu Watch 22 (2018) 255.

50 In the same vein, N. HÖLDER, Ersatzteile und Erschöpfung – Patentschutz für Geschäftsmodelle?, GRUR 2007, 97.

51 Apart from obstructing (or monopolising) repair or recycle, this also comprises the case of consumables, such as coffee capsules: See the seminal *Senseo* decisions where the patentee could not protect the coffee pads due to prior art, but nonetheless tried to monopolise the pads market by way of indirect infringement of the apparatus claim for the machine. In economic terms, the profits were made with the pads. The Dutch Supreme Court denied infringement (decision of 31 October 2003, Blad vor industriele eigendom (BIE) 2004, 285); the German court fell into the trap and held that insertion

Having identified these deficiencies, an answer must be found as to how an appropriate solution should look like, and how this should be achieved.

2. *Possible Solutions*

Given that industrial property rights (but not copyright) only prohibit acts of commercial use, most problems related to IP infringement could be avoided if the purchase of repair products and repairs themselves were carried out by (private) consumers themselves. It is clear however that only a minority of consumers will be able to do so, for which reason solutions must be found that allow acts of repair in a commercial context.

Another solution to avoid IP problems could be to oblige manufacturers to provide spare parts and repair manuals and allow consumers and repair shop owners (rather than the manufacturers themselves) to perform repairs. But setting the fox to keep the geese looks a solution likely to fail, as "without competition in the market for replacement parts, consumers and repair shop owners are entirely dependent on the supply of parts by the original manufacturer. If no such parts are available in the market, consumers have no choice but to have their products repaired by the original manufacturer or its authorized agents. Even if the original manufacturer supplies replacement parts in the market, monopolistic pricing of such parts on its behalf may result in consumers avoiding repairs altogether or using different replacement parts, if available. In the latter case, the desire to avoid paying the high costs of original parts may result in a lower-quality repaired product. Altogether, then, a right to repair can only be implemented effectively if original manufacturers do not control the markets for replacement parts."[52]

In the past, manufacturers all too often have proven a coalition of the unwilling when it came to opening up the spare parts market.[53] A solution can thus only be found in allowing third parties commercial acts of repair and recycle.

Should this be acknowledged, a follow-up question is the one extensively discussed in the context of design law and also addressed in the *RICOH*

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of a new pad amounted to a reconstruction of the coffee machine (Düsseldorf Appeal Court, 17 November 2005, GRUR-RR 2006, 39 – *Coffee Pads*).

52 L. GRINVALD/O. TUR-SINAI, Intellectual Property Law and the Right to Repair, Fordham Law Journal 88 (2019) 63.

53 In the facts underlying the decision German Federal Supreme Court, 24 October 2017, IIC (2018) 972 – *Drum Unit*, in order to avoid legislation, manufacturers had made commitments to the European Commission to adhere to certain standards for the purpose of environmental protection in order to avoid a compulsory measure under Art. 15 of Directive 2009/125/EC.

decisions: Is it enough for recycled products that basic functionality is guaranteed, or should repair/recycle be permitted to restore appearance and functionality of the original product? Is it must fit or must match, so to speak? Already in regard of functional equivalence, *RICOH I* and *II* took different positions, although it is clear that printers without a functioning indication of the remaining level of ink would hardly be deemed acceptable by the majority of consumers. "Must match" should thus translate into functional equivalence in regard of technical solutions.

3. Implementation

There are three possible avenues of limiting IP rights in order to arrive at the solutions advocated above: legislative intervention, competition law and judicial interpretation. These may be applied alternatively or cumulatively. Of these three avenues, judicial interpretation may be the least invasive to proprietary interests, legislative intervention the most.

Judicial interpretation begs an answer to the "proper role for courts and independent agencies in a climate-friendly readjustment of the legal protection of competition and innovation."[54] A starting point is the working hypothesis that court interpretation of some intellectual property rights appears stacked against acts of repair and reconstruction, although rendered in a different context: Is a trade mark right indeed infringed by the removal of the mark?[55] Can replacement of a coffee capsule really amount to a reconstruction of the machine?[56] Can ownership in a product (e.g. an agricultural machine) be denied in substance by way of technical protection measures that tie the owner to limitations of use and effectively prevent the repair of purchased products?[57] Some of the above interpretations have been rendered by final courts of appeal, making changes difficult.

More promising looks a greater judicial awareness and recognition of various types of estoppel in infringement situations, in particular that enforcement of an IP right should be denied where the right owner has en-

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54 T. ACKERMANN, Private Rights and Public Autonomy in a Fragmented World: Why an Institutional Perspective on Intellectual Property and Competition Laws Matters, GRUR Int. 2023, 207.

55 For further examples, see A. TISCHNER/K. STASIUK, Spare Parts, Repairs, Trade Marks and Consumer Understanding, IIC (2023) (print version forthcoming).

56 C. HEATH, Repair and Refill as Indirect Patent Infringement, in: HEATH/KAMPERMAN SANDERS, *supra* note 48, 85.

57 What becomes of exhaustion if we can no longer repair what we own? IFIXIT, We Have the Right to Repair Everything We Own, *https://www.ifixit.com/Right-to-Repair/Intro*.

gaged in conduct contrary to antitrust law (*RICOH I*),[58] unfair competition law,[59] contradictory behaviour[60] or good faith.[61] It is questionable whether general norms or policies for avoiding waste and encouraging recycle (e.g. Art. 11 TFEU integrating environmental protection and sustainable development into the interpretation of EU Directives) could be invoked as a defence against IP infringements unless specific enough to provide identifiable obligations or require a certain behaviour.[62]

What will be needed is "some degree of evolutionary judicial interpretation in response to societal and technological change."[63] All too often, judges are trained to regard law as given, while it is not: it is a task.

Competition law has been the starting point in Japan for shielding commercial repair services from claims of IP infringement, for prohibiting manufacturers in tying goods in aftermarkets and for unduly preventing

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58 It should be mentioned at this stage that acts like tie-in sales or undue hindrance of a competitor may be actionable under antitrust law (unfair trade practices, Japan) or unfair competition law (general clause, Germany).

59 The decision of the Munich District Court of 24 February 2020 – 7 O 1456/20 concerned a request for an interim injunction to prevent a patentee from filing and dropping divisional applications before the European Patent Office, or else to pledge not to sue the applicant based on these patents. The request was based on an undue obstruction of a competitor under unfair competition law (equivalent to the corresponding provision under the Japanese AMA), and the appropriate remedy was considered the order to maintain the granted patents so as to allow a decision on their validity.

60 In the Ōsaka District Court, 31 January 2017, Case No. 2014 wa 12570, Hanrei Jihō 2351, 56 – *Displayed Indication by Setting Printer Toner,* it was the plaintiff that had programmed the printer such that a refill of toner cartridges led to an incorrect indication of the remaining ink level, and the plaintiff should thus have been barred from denouncing what they had brought about.

61 Where manufacturers, as in the German Federal Supreme Court, 24 October 2017, IIC (2018) 972 – *Drum Unit*, gave a pledge to the EU Commission not to block activities of repair in order to avoid binding legislation, it looks rather pandectistic to disregard this fact with the argument that such pledge was not entered into for the benefit of private parties. The court could have easily found that the patentee's behaviour was contradictory, and thus prevented enforcement, or that it contravened the principles of good faith and equity given that the patentee, despite its pledge, had turned around to sue spare parts makers.

62 Even legislation as specific as the Eco Design Directive (Directive 2009/125/EC), requiring that repair information be made accessible, does not allow a copying or distribution of repair manuals (see the rather restrictive interpretation by the CJEU, Case C-527/18 *Gesamtverband Autoteile-Handel e.V. v KIA Motors Corporation* ECLI:EU:C:2019:762. Critical A. D. ROSBOROUGH, *supra* note 47.

63 A. D. ROSBOROUGH, *supra* note 47, 122.

competitors from activities therein. In Japan, competition law has been used both as a shield (in the above estoppel scenarios) and as a sword. In the latter case, the *Brother* case is important and suggestive amongst civil AMA cases, but competition law enforcement is then mostly in the hands of the Japanese Fair Trade Commission. In Europe, competition law has not (yet) played a role in the repair debate. For one, EU competition law is essentially limited to cases of market dominance (Art. 102 TFEU), while unfair trade practices such as tie-in sales or interference with a competitor's business fall outside its scope and may (or may not) be actionable under the yet unharmonised domestic unfair competition laws. This leaves cases not only more difficult to monitor, but also brings them outside the reach of domestic competition authorities.

On the other hand, also European antitrust law has recognised tie-in situations as an abuse of a dominating position. Case law of the CJEU, such as *Volvo v. Veng*[64] and *Cicra v. Renault*,[65] suggest that manufacturers hold a dominant position where the subject matter of an intellectual property right cannot be substituted, which is the typical scenario for IP-protected products in the downstream market. Further, the *Magill*[66] decision suggests that an abuse can be affirmed where the IP right is used to monopolise a secondary market. While this can be applied to the *RICOH* scenario where there is a clear secondary market in consumables, it is less easy to determine what the appropriate remedy should be: a sort of compulsory licence (which then begs the question of appropriate remuneration), or simply a bar to enforcement (which would resemble the above estoppel scenario), or a sharing of information that would guarantee a proper working after refill or replacement? Further, the *Magill* situation of a secondary market is more difficult to apply to copyright scenarios involving the reproduction of repair manuals or the circumvention of technical protection measures.[67]

The Achilles heel of antitrust law is, however, not necessarily its limited scope of application (in the EU more so than in Japan and the US), but its disregard for the time-sensitiveness with which occurring problems have to

64 CJEU, Case 238/87 *AB Volvo v Erik Veng* (UK) Ltd, [1988] ECR 6039; [1988] ECR 6211.

65 CJEU, C-53/87 *CICRA et Maxicar v Renault*, [1988] ECR 299; [1990] 4 CMLR.

66 CJEU, C-241 and 242/91P, *Radio Telefis Eireann (RTE) and Independent Television Publications Ltd (ITP) v Commission of the European Communities* (Magill), [1995] ECR I-743; [1995] 4 CMLR 718.

67 According to A. D. ROSBOROUGH, *supra* note 48, 42: "John Deere's use of software TPMs amounts to an abuse of a dominant position by failing to provide an essential facility to independent repair technicians. The essential facility in this regard is the access to the software protected by the TPM."

be resolved: An ex-post analysis by competition authorities in regard of often very fact-specific cases of blocking repair and reconstruction will do little to provide a foreseeable legal framework for commercial providers of repair services.[68]

Legislative solutions that may act as a precedent can be found in the repair clause of Art. 110 European Design Regulation, which stipulates that "protection as a Community design shall not exist for a design which constitutes a component part of a complex product used within the meaning of Art. 19(1) CDR for the purpose of the repair of that complex product so as to restore its original appearance." Based thereupon, the newly inserted provision of § 40a German Design Act provides that:

> "(1) There shall be no design protection for a design incorporated into or applied to a product which is a component part of a complex product and which is used solely for the purpose of enabling the repair of that complex product in order to restore it to its original appearance. This shall not apply where the primary purpose for which the component part is placed on the market is different than the repair of the complex product. (2) Paragraph 1 shall apply only if consumers are duly informed of the origin of the product used for repair purposes by means of labelling or in any other appropriate form so that they can make an informed choice of products for repair purposes which are in competition."

The gist of these provisions is a denial of protection in regard of parts used for the purposes of repair and very much tailored to the realities of the spare parts market in the automobile sector. Yet it is doubtful whether such provision could serve for other intellectual property rights. The provision may read on a patent scenario as in *RICOH I*, yet it would be of little help in cases of refill (the ink as such was not patented), where the patent relates to a process or where the exchanged part embodies the gist of the invention and where repair would amount to a reconstruction (i.e. where the part was exchanged that provided the inventive merit to the patent). Paragraph (2) however could serve in order to deny trade mark infringement in the absence of origin confusion – after all, in the case of the Norwegian Supreme Court (Apple),[69] infringement was affirmed only because the goods were imported from outside the EFTA region (parallel imports) and/or the trade mark was removed, neither of which amounts to origin confusion. In the case of copyright law, copying or circumvention could be allowed for the purposes of repair or continued functioning.[70] Where such acts are specifi-

68 This may be different in regard of contractual limitations in purchase agreements targeted at end users.

69 Norwegian Supreme Court (Apple), *supra* note 46.

70 The root of this highly complex problem is the "repair resistant software" used e.g. in tractors sold by the company *John Deere*, see the case study by A. D. ROSBOROUGH, *supra* note 48, 31.

cally allowed by copyright law, it is easier to declare contractual provisions to the contrary invalid.

In summary, much has to be done for IP rights not to become an obstacle for a (more) circular economy.

SUMMARY

The contribution comments on three cases that concern the use of spare parts or refills for printers. In order to prevent the use of competing cartridges, the manufacturer in the Brother case made design changes to its printers that caused a malfunction of the cartridges supplied by an independent maker. The latter found this to contravene the Antimonopoly Act (AMA) and sued for injunctive relief and damages. The court acknowledged a contravention of the AMA, namely an unlawful tying. In the other two cases, the manufacturer Ricoh for its toner cartridges used a patented chip that upon a refill of ink no longer correctly indicated the amount of remaining toner. The ink refiller exchanged the patented chip of the cartridge in order to avoid this malfunction and thereby committed a patent infringement, yet relied on the defence that the cartridge maker had unduly obstructed competition (undue hindrance of a competitor's business). The first instance court affirmed this defence and denied infringement, the appeal court acknowledged the defence in principle, but denied its application in the case at issue. The comment analyses the relationship between the AMA and IP rights and puts these cases into the general context of a "right to repair".

ZUSAMMENFASSUNG

Der Beitrag beschäftigt sich mit drei Fällen des Austausches von Tonerkartuschen bzw. deren Wiederbefüllung. Im ersten Fall hatte der Druckerhersteller Brother versucht, die Verwendung von Druckerkartuschen Dritter durch eine technisch nicht erforderliche Änderung der Drucker zu verhindern, wodurch die Druckerkartuschen von Drittanbietern nicht mehr richtig funktionierten. Die Klage eines Drittanbieters war insoweit erfolgreich, als das Gericht den Druckerhersteller Brother wegen unzulässiger Koppelungsgeschäfte zum Schadensersatz, nicht aber zu Unterlassung verurteilte. In den beiden anderen Fällen hatte der Kartuschenhersteller Ricoh seine Kartuschen mit einem patentierten Chip versehen, der den Tonerstand nach Wiederbefüllung der Kartusche nicht mehr anzeigte. Der beklagte Wiederbefüller hatte daraufhin mit der Wiederbefüllung auch den Chip ausgetauscht und dadurch eine Patentverletzung begangen, gegen die er sich allerdings mit dem Einwand verteidigte, der Patentinhaber betreibe unzulässigen Behinderungswettbewerb. Dieser auf Kartellrecht

gestützte Einwand wurde von beiden Instanzen dem Grunde nach anerkannt, von der Berufungsinstanz indessen für den vorliegenden Fall verneint, weil die fehlende Tonerstandsanzeige eine hinzunehmende Beeinträchtigung sei. Die Anmerkung geht auf diese Fälle im Zusammenhang mit dem „Recht auf Reparatur" ein und beleuchtet auch das Verhältnis des Kartellrechts zu den gewerblichen Schutzrechten.