

Patent Right	Date	July 22, 2020	Court	Tokyo District Court, 40th Civil Division
	Case number	2017 (Wa) 40337		
- A case in which the court dismissed the claims for an injunction against the sale, etc. of toner cartridges, the disposal of these cartridges, and the compensation for damages filed based on patent infringement, holding that filing these claims constitutes an abuse of rights.				

Summary of the Judgment

The Plaintiff holds a patent right for an invention titled "Information storage device, detachable device, developer container, and image forming apparatus" and two patent rights for an invention titled "Information storage device and detachable device" (all these patent rights are collectively referred to as the "Patent Rights"). The Defendants remove an electronic component from toner cartridges manufactured by the Plaintiff, which are compatible with printers manufactured and sold by the Plaintiff, replace it with an electronic component manufactured by the Defendants ("Defendants' Electronic Component"), refill the cartridges with toner, and sell them as recycled toner cartridges. In this case, the Plaintiff alleged that the Defendants' Electronic Component falls within the technical scope of the Plaintiff's patented inventions (the "Inventions") mentioned above, and based on this allegation, the Plaintiff sought an injunction against the sale, etc. of toner cartridges sold as one unit with the Defendants' Electronic Component (the "Defendants' Product"), demanded the disposal of the Defendants' Product, and claimed compensation for damages, etc.

The major issues of the case are as follows: [i] whether the Defendants' Electronic Component falls within the technical scope of the Inventions; [ii] whether there are any grounds for invalidation of the patents relevant to the Patent Rights (the "Patents"); [iii] whether the Patent Rights have been exhausted; [iv] whether the Plaintiff's exercise of rights constitutes an abuse of rights; [v] whether it is necessary to stop the manufacturing, etc. of toner cartridges and dispose of them; and [vi] the amount of damages sustained by the Plaintiff.

In this case, regarding Issue [i], the court determined that the Defendants' Electronic Component falls within the technical scope of the Inventions, and regarding Issue [iv], the court determined that the Plaintiff's exercise of rights constitutes an abuse of rights for the reasons described below. In conclusion, without making determination on other issues, the court dismissed all of the Plaintiff's claims.

The court found as follows. The Plaintiff, which holds the Patent Rights, first made settings so that its printer would display "?" as the toner level when a recycled product of the Plaintiff's toner cartridge is installed in the printer, and, by taking the measure regarding the memory, i.e., the Plaintiff's Electronic Component in which the Patented Inventions are worked, to restrict rewriting of the memory for displaying the toner level (the "Measure to Restrict Rewriting") although there was no sufficient necessity or reasonableness for such measure, the Plaintiff restricted the Defendants, which are recycled product manufacturers, from manufacturing and selling recycled products which display the toner level by way of rewriting the memory (the Plaintiff's Electronic Component) and thereby avoiding infringing the Patents. Thus, the Plaintiff has created the situation wherein the Defendants would suffer considerable disadvantage in competition on the toner cartridge market unless they replace the electronic component of the Plaintiff's toner cartridge with the Defendants' Electronic Component in order to display the toner level on the Plaintiff's printer, which would inevitably result in infringing the Patent Rights, and then, the Plaintiff has exercised its rights against infringement of the Patent Rights.

Having found as above, the court held that such a series of actions by the Plaintiff prevent the Defendants, which are manufacturers of recycled toner cartridges, from selling products that display the toner level to users, and these actions unjustly interfere with transactions between the Defendants, which are recycled product manufacturers in competitive relationship with the Plaintiff on the toner cartridge market, and their users, and impede fair competition, and therefore these are in violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Anti-Monopoly Act) (Article 19 and Article 2, paragraph (9), item (vi) of the Anti-Monopoly Act; paragraph (14) of the Designation of Unfair Trade Practices (Fair Trade Commission Public Notice No. 15 of June 18, 1982)). Also in light of the facts that the Measure to Restrict Rewriting is restrictive on competition to a considerable degree, that there was only a low degree of necessity and reasonableness to take this measure, and that this measure could restrict free distribution and use of used products, the court determined that the Plaintiff's claim to seek an injunction against the sale, etc. of the Defendants' Product impairs the "development of industry," which is the purpose of the Patent Act, or deviates from the purport of the patent system, and hence it constitutes an abuse of rights.

Regarding the Plaintiff's claim for compensation for damages as well, in addition to the circumstances mentioned above, the court took into consideration the facts such as that the Plaintiff has already gained compensation by transferring the cartridges

incorporating the electronic component in which the Inventions are worked, and that it is presumed that if it had not been for the Measure to Restrict Rewriting, the Defendants would have sold recycled products by rewriting the memory, which is the electronic component of the toner cartridge, without infringing the Patents. In conclusion, the court determined that the Plaintiff's claim for compensation for damages constitutes an abuse of rights.