

Summary of the Judgment

I. Main text of the judgment (decision)

1. The Defendant must neither import nor sell the products described in the Exhibit.
2. The Court costs shall be borne by the Defendant.

5 II. Outline of the case

1. In the present case, the Plaintiff (Pony Corp.), which holds the present patent right for an invention titled “Roll Paper” in Country A (hereinafter “the Patent (Right)”), alleges that the Defendant (Donkey Corp.) infringes the Patent Right by importing the products described in the Exhibit (hereinafter “the Defendant's Product(s)”) from Country B and selling them in Country A, and seeks an injunction against the Defendant's importation and sale of the Defendant's Products based on Article 100, paragraph (1) of the Patent Act.

2. Scope of Claims

Claim 1 of the claims of the Patent is as follows (the invention related to Claim 1 is hereinafter referred to as “the Invention”):

- A. A roll paper used for an article packaging device,
- B. wherein the article packaging device,

comprising:

- B1 a rotatable roll holder to which the roll paper is detachably attached;
- 20 B2 a feed roller drawing out a heat-sealable packaging sheet from the roll paper;
- B3 a rotation angle sensor detecting a rotation angle of the roll paper;
- B4 a sheet length sensor measuring sheet feed length drawn out from the roll paper; and
- 25 B5 a brake applying a braking force to the roll holder,
- B6 is configured to adjust the braking force applying to the roll holder based on the

outer diameter of the roll paper calculated from the detected signals of the rotation angle sensor and the sheet length sensor, and

C wherein the roll paper,

comprising:

5 C1 a core tube, having magnets, attachable to the roll holder;

C2 the packaging sheet wound around the core tube; and

C3 the magnets are disposed at respective positions detectable by the rotation angle sensor when the core tube is attached to the roll holder.

3. The Defendant's Product

10 Turtle Corp., which is a wholly owned subsidiary of the Defendant, manufactures the Defendant's Product in Country B by winding a packaging sheet on the used core tube of the Plaintiff's Roll Paper after its original packaging sheet has been consumed. Collie Corp., which is a wholly owned subsidiary of the Plaintiff, has manufactured and sold the Plaintiff's Roll Papers in Country B under the license from the Plaintiff, which holds
15 a corresponding patent right for the Invention in Country B.

There is no dispute between the parties that the Defendant's Product is within the scope of Claim 1.

4. Issue

20 The issue in the present case is whether or not the Patent Right is exhausted and the Plaintiff is not entitled to exercise the Patent Right over the importation and sale of the Defendant's Product.

III. Opinions

1. Exhaustion

(1) Domestic Exhaustion

25 In cases where a patent holder or a licensee has assigned patented products in Country A, the patent right on the products has achieved its goal and has been exhausted, and

the effect of the patent right does not extend to acts such as assignment of those products. This is because, while it is highly necessary to protect the free circulation of goods in the market, there is no necessity to allow the patent holder to profit again from the patented products since the opportunity for securing compensation has been granted.

5 (2) International Exhaustion

However, this does not apply in the same way in cases where a patent holder or its equivalent has assigned patented products outside of Country A, because a patent right in Country A and the corresponding patent right in the other country are separate rights. Alternatively, in light of the state of international commercial transactions in modern society, when a patent holder or its equivalent has assigned patented products outside of Country A, it is reasonably expected that the assignee or its subsequent acquirer will import the patented products into Country A as business, and it is necessary to protect the free circulation of such products. Therefore, when a patent holder or its equivalent has assigned patented products outside of Country A, the patent holder, unless there is an agreement with the assignee excluding Country A from the areas of sale or use of the said products, may not seek an injunction in Country A concerning the patented product on the basis of the patent right against the person who acquired the product from the assignee, except in cases where the above agreement has been made and it is explicitly indicated on the product. In the present case, the Plaintiff's Roll Paper does not carry a clear indication that Country A is excluded from the areas of sale or use, so the exercise of the Patent Right is not entitled for this reason.

2. Modification or Replacement of Components

25 (1) However, the objects on which the exercise of a patent right is restricted should be the patented products themselves that the patent holder or its equivalent had assigned. Therefore, if the patented product, assigned by the patent holder or its

equivalent in other country, has been modified or components have been replaced, and as a result, it can be regarded as a novel production of the patented product which 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 modification or replacement can be regarded as a novel production of the patented product or not should be determined by taking into consideration the characteristics of the patented product, the content of the patented invention, the manner of modification, and the replacement of components as well as the circumstances involving the transaction in a comprehensive way.

(2) In the present case, the Plaintiff's Roll Paper is designed to be attached to the Plaintiff's Device, where magnets within the core tube, around which the packaging sheet is wound, are detected by the rotation angle sensor of the Plaintiff's Device. This enables the packaging sheet to be pulled out with the appropriate tension. If the packaging sheet is not properly wound around the core tube, the utility of the Plaintiff's Roll Paper might not be fully realized, and thus it is expected to be used once and then replaced with a new one. Accordingly, the core tube is made of plastic and is not designed to have enough strength for repeated use. The magnets disposed therein are cost-effective ferrite magnets. Consequently, it is not expected that users will remove the core tube of the Plaintiff's Roll Paper and wind it with a new packaging sheet by themselves. Instead, users typically return the used core tube to the Plaintiff for recycling and purchase a new one.

Furthermore, because the Plaintiff's Roll Paper is exclusively intended for packaging items, once the packaging sheet is completely consumed, its core tube and the magnets therein, although not likely to immediately wear out or break upon single use, can no longer play the technical role of the Invention, which involves adjusting the braking force of the packaging device based on the roll paper's outer diameter and

its detected rotation angle. Moreover, considering that neither the core tube nor the magnets per se possess versatility, it is unlikely that users would find any utility in them. Therefore, the economic value of the Plaintiff's Roll Paper is primarily attributed to the packaging sheet portion.

5 Taking all these factors into comprehensive consideration, it can be concluded that the Plaintiff's Roll Paper loses its utility as a patented product once the packaging sheet is fully consumed. On the other hand, the Defendant's Product, by using the recycled core tube of the Plaintiff's Roll Paper, restores the state in which the core tube and the position of the magnets within it are used to adjust the braking force of
10 the packaging device based on the roll paper's outer diameter, ensuring the appropriate tension for pulling out the packaging sheet. This can be regarded as restoration of the material value of the Invention; thus it should be concluded that the Defendant's Product is regarded as a newly produced patented product which is not identical to the Plaintiff's Roll Paper.

15 (3) Therefore, the exercise of the Patent Right over the Defendant's Products is not restricted, and the Plaintiff, as the patent holder of the Patent Right, is entitled to demand an injunction against the importation and sale of the Defendant's Products.

3 Conclusion

 For the abovementioned reasons, the claim by the Plaintiff has grounds and shall be
20 granted. Therefore, the court rules as in the main text of the judgment.