



# PATENT LAW UPDATE GERMANY

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## PATENT INFRINGEMENT BY WAY OF REPAIR? RECENT CASE LAW REGARDING THE REPLACEMENT OF PARTS

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*Repairing a patent protected product does not constitute a patent infringement if the patent proprietor's rights regarding the repair works had been exhausted by putting the product to be repaired on the market. A repair is admissible if the repair measures are considered to be a proper use of the product, since those measures maintain the product's identity. If, however, the invention's economical or technical benefits were to be realized again through the repair measures, the repair of the product is prohibited. This distinction is of particular importance if parts of the product are replaced in the course of the repair by parts not originating from the patent proprietor or if a product is assembled from parts originating from several different products.*

### GENERAL RULE: TWO-STEP DIFFERENTIATION BETWEEN ADMISSIBLE AND INADMISSIBLE REPAIR

The German case law draws the line between admissible and prohibited repair measures in consideration of the specific characteristics of the product protected by the relevant patent claim by way of balancing conflicting interests.

The courts balance the patent proprietor's interest in free commercial exploitation of the invention on the one hand with the purchaser's interest in free use of the acquired product on the other hand. Considering the protected product's specific characteristics according to the corresponding patent claim, the courts determine whether the repair measures maintain the product's identity (proper use) and whether the invention's inherent economical or technical benefits are realized again (inadmissible reconstruction).

The assessment is performed in two steps. First, the court determines whether the relevant consumer

expects the replacement of parts during the lifetime of this product (consumer expectations). If the answer is no, the repair is considered as inadmissible reconstruction. If the answer is yes, the court assesses in a further step if the invention's technical effect has been realized in the parts to be replaced (German Federal Court of Justice (FCJ), GRUR 2012, 1118 margin nos. 23 and 28 et seq. – *Palettenbehälter II* [pallet container II] with further references). If the answer is yes again, the repair is considered as inadmissible reconstruction. However, if the first answer is yes and the second answer no, the repair is considered admissible.

The latest decision of the FCJ on this topic, "*Trommeleinheit*" [drum unit] (decision of 24 October 2017, case no. X ZR 55/16, GRUR 2018, 170; see also identical decision of the same day, case no. X ZR 57/16) refines these differentiation criteria developed by case law for such products that are not put on the market independently, but as a component of a larger object. For such products, there are usually no consumer expectations. In this case, according to the

FCJ, the distinction shall not be made based upon a normatively determined consumer expectation but rather solely on the differentiation criteria for the second step. Repair measures are considered as inadmissible reconstruction only if the invention's technical effect is realized in the parts to be replaced.

### Consumer expectations

The primary decisive factor is whether the repair measures – in particular the replacement of parts – are considered to be a usual maintenance measure that does not challenge the identity of the entire device as marketable economic asset. This is the case, for instance, if the consumers usually expect this part to be replaced during the lifetime of the product and the wear of this part does also not render the product economically worthless.

The repair is considered as a reconstruction of the protected product and, therefore, as patent infringement if the replacement of parts is not a usual maintenance measure according to the consumer expectations. If the repair is considered a usual maintenance measure, the additional assessment of the invention's technical effect is performed, appreciating the patent proprietor's interest, focused on the asserted patent claim.

### Technical effect

In order to assess whether the invention's technical effect is realized particularly in the part to be replaced, case law relies in particular on two criteria. If at least one of these criteria is met, the repair is considered an inadmissible reconstruction despite contradictory consumer expectations.

**(1)** On the one hand, a realization of the technical effect is assumed if particularly the part to be replaced provides the benefits achieved by the patent. However, this criterion is denied if the part to be replaced interacts with other parts, but is only a mere object of an inventive effect that is incorporated solely in the other parts.

**(2)** On the other hand, realizing the technical effect is answered in the affirmative, if the invention affects the lifetime or function of the part to be replaced. For this, it is not sufficient if there is a functional relationship between the parts in question. Rather,

the invention's technical effect must become apparent specifically in the part to be replaced. This is not the case if the patent claim does not provide any modifications with regard to characteristics, operating principle or lifetime of this part.

The question remains whether the fact that the part to be replaced was known in the prior art could be an additional criterion against the part realizing the invention's technical effect. Earlier case law rejected this criterion as unsuitable since individual features of a patent claim are usually known in the prior art (FCJ GRUR 2007, 769 Rn. 20 – *Pipettensystem* [*pipetton system*]; GRUR 2004, 758, 761 – *Flügelradzähler* [*impeller counter*]). In the decision "*Trommeleinheit*", the FCJ as well as the previous instance both took this aspect into account in the course of balancing the interests – however, only in combination with the conclusion that the patent claim did not provide any modifications with regard to characteristics, operating principle or lifetime of the part to be replaced (Higher Regional Court of Dusseldorf, decision of 29. April 2016, case no. I-15 U 47/15, GRUR-RS 2016, 11301 margin no. 140; FCJ GRUR 2018, 170 margin no. 66 – *Trommeleinheit*). The latter finding alone suffices, however, to deny a realization of the technical effect so that it remains unclear whether the FCJ assigned independent importance to this criterion. Future decisions may shed light on this.

### EXCEPTION: SINGLE-STEP DIFFERENTIATION IF THERE ARE NO CONSUMER EXPECTATIONS

There was no FCJ ruling so far on how the distinction should be made in constellations in which no consumer expectations existed, for instance, because the protected product is no independent marketable economic asset.

Consumer expectations can only be established with regard to products that are in fact put on the market in the form as protected by the patent claim. Thus, no consumer expectations can be established with regard to protected products that are not independently put on the market, but, for instance, only as component of a larger object.

Such constellation was the subject of the recent FCJ's decision "*Trommeleinheit*" for the first time. The

Defendant sells reprocessed ink cartridges and toner cartridges for photocopiers and printers. The toner cartridges comprise, inter alia, a drum unit that comprises an image drum, a flange and a coupling member. In the course of reprocessing the toner cartridges that had been put on the market by the Plaintiff, the depleted image drum is replaced by a functionally identical new image drum that did not originate from the Plaintiff. If required, a flange connected with the image drum is also replaced. However, the coupling element is not replaced. The Plaintiff does not put a corresponding image drum or flange on the market individually, but only as component of a toner cartridge.

The Plaintiff asserts the infringement of claim I of the patent in suit which claims a photosensitive drum unit comprising, inter alia, an image drum, a flange and a coupling element. By claiming the drum unit, the asserted patent claim I protects a product consisting of several parts. However, with the toner cartridges, the patentee only put on the market goods that comprise further components besides the drum unit.

The Higher Regional Court (OLG) of Dusseldorf as previous instance determined that there are no consumer expectations with regard to the drum unit according to the patent claim, since this drum unit – being mounted only in the cartridge's inside – does not face private or business consumers as visible economic asset. Consumers do not have a specific idea of the inside of toner cartridges. According to the OLG, the consumer's understanding of the toner cartridges could not be taken into account since subject matter and key reference of the exhaustion according to claim I would be the drum unit in its entirety. In the absence of actual consumer expectations with regard to the drum unit, the OLG referred to a normatively determined consumer expectation. The OLG sought to ascertain the perspective of a reasonable member of the relevant public taking into account all circumstances. The OLG affirmed an inadmissible reconstruction since, according to the normatively determined consumer expectation, a drum unit would become economically worthless with depletion of the toner cartridge.

The FCJ, however, held that in such constellations, in which no consumer expectations are established with regard to the patent protected product, the distinction shall not be made based on a normatively determined consumer expectation. Instead, only the subsequent criterion, whether the invention's technical effect is realized particularly in the part to be replaced, shall be decisive. This criterion is used for the assessment based on patent law considerations in case a repair cannot be considered as reconstruction on the basis of consumer expectations. This criterion could also be satisfied if consumer expectations were not established.

Contrary to the OLG, the FCJ considered the coupling element instead of the image unit as being responsible for the patent's benefits. Thus, the invention's technical effect is incorporated solely in the features of the coupling element. In this respect, the image unit is a mere object taking part in the invention's effect only as a component of the drum unit without being affected in its function or lifetime. Thus, the FCJ considered the replacement of the drum unit to be proper use and, therefore, an admissible repair of the drum unit.

### **REMAINING QUESTION: REPROCESSING BY RECONSTRUCTING FROM DIFFERENT PRODUCTS IF THERE ARE NO CONSUMER EXPECTATIONS**

By certain methods of reprocessing, different units of a patent protected product are disassembled and, thereafter, the components which are still usable are combined to an operational product.

In parallel proceedings concerning reprocessing of toner cartridges, the OLG Dusseldorf affirmed an inadmissible reconstruction (decision of 28 April 2017, case no. I-15 U 68/15, BeckRS 2017, 110549) and did not grant a leave to appeal. The appeal against refusal of leave to appeal is still pending at the FCJ (case no. X ZR 49/17). In these proceedings, the question was whether there was an inadmissible reconstruction if (besides mounting of a new image drum) the reprocessed toner cartridge had been assembled from parts originating from different used toner cartridges. Here as well, the OLG could not refer to consumer expectations and, therefore, relied on a normatively determined consumer

expectation. Based on that, the OLG affirmed an inadmissible reconstruction.

A main reason the OLG found an inadmissible reconstruction was, in particular, the fact that parts from used and inoperable products were removed and assembled to operational products according to the patent whereby the casing and the coupling element did not originate from the same toner cartridge. In line with the earlier FCJ decision "Förderrinne" [feeding tray] (GRUR 1959, 232, 234) that stated that there is "an inadmissible reconstruction [...], for instance, in cases where different components that remained intact are assembled", the OLG considered the identity of the original toner cartridge not being maintained by the reprocessing measures. Apart from that, the OLG's arguments meet their arguments put forward in the parallel proceeding "*Trommeleinheit*".

Applying the standard that the FCJ established in the decision "*Trommeleinheit*" on this case, a different outcome could be indicated. In this case, no consumer expectations are established either so that the repair measures can only be assessed based on whether particularly the part to be replaced is responsible for the patent's technical effects.

If one considered – in line with the FCJ – only the coupling element's features responsible for the technical effect, the other parts of the drum unit would be mere objects taking part in the invention's effect only as components of the drum unit without being affected in function or lifetime. Thus, if the coupling element originated from a toner cartridge that was put on the market by the patent proprietor, consequently, proper use of the drum unit should be answered in the affirmative according to the FCJ's conception in the parallel decision *Trommeleinheit* –

irrespective of whether the other parts had been put on the market by the patent proprietor or originated from third parties.

Thus, if the also controversial question in that case whether there had been any putting on the market of the used toner cartridges by the patent proprietor was answered affirmative, the court should deny a patent infringement in the OLG's parallel case.

## PRACTICAL CONSEQUENCES FOR REPAIR CASES

If a replacement of consumption or expendable parts is in question, the differentiation between admissible and inadmissible repair according to the FCJ's recent decision must be performed either in one or in two steps. If the patent proprietor does not put the part to be replaced on the market independently, the courts will differentiate based on a single step assessment, namely based on the second step as detailed above.

To be on the safe side in such constellations, already by drafting of the patent claims, attention should be paid that at least one patent claim covers the replacement part itself so that the replacement part's technical effect constitutes the gist of the invention. Inversely, by drafting a complaint, attention should be paid to assert a patent claim that preferably refers to the technical effect of the replacement part.

From the Defendant's perspective, the Defendant should diligently scrutinize whether consumer expectations are established with regard to all of the asserted products and (if not) whether the inventions's technical effects according to the asserted patent claim are realized particularly in the replacement parts.

**In case you have any questions, please do not hesitate to contact us.**



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