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# RT RecyclingTimes

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## DELIVERING A BETTER USER EXPERIENCE

RT Media uses new technology  
 to reach new audiences

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**Delivering A Better User Experience**  
—RT Media uses new technology to reach new audiences  
Photo: David Gibbons



*Ivan Rosales (right) flew into Zhuhai for just one day to shake hands with RT Media's Founding CEO, Tony Lee, as part of an historic signing of co-operation between 60 Chinese and Latin American companies. The US\$10 million CLAC Expo extravaganza, held in Zhuhai, China, is the China-Latin American Co-operation event hosted by the Chinese Government. Rosales is RT Media's partner in Latin America and editor of the Recycling Times Magazine Espanol.*

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*RT Goes Mobile*

—RT Media's Tony Lee says building a better news and information service is essential for our readers who want a better user experience.



Recycling Times informs, educates, and nurtures the global printer consumables industry innovatively through an integrated broadcast, print, digital and social media strategy. As such, we honor and respect the intellectual property of all businesses and individuals. Consequently, we take a zero tolerance position to the manufacture, distribution and sale of patent infringing and counterfeit printer cartridges and components. We continue to strive to avoid promoting such in our advertisements, articles and editorial content.

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What You Need to Know

# BEFORE SHIPPING CARTRIDGES TO THE U.S.A.

Merritt Blakeslee

## The Legal Context

Since 2006, four OEMs in our industry—Epson, Hewlett Packard, Lexmark, and Canon—have brought patent infringement litigation twelve times at ITC. Eight of these so-called 337 investigations have resulted in a general exclusion order (and other orders) against cartridges covered by the OEM's patents; and all but one, the 829 general exclusion order, are still in force. There are three potential consequences of importing cartridges that violate an ITC order: (1) U.S. Customs and Border Protection ("CBP") can exclude those cartridges from entry into the United States. (2) In certain circumstances, it



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This article discusses how those in the Aftermarket consumables industry—remanufacturers, exporters, and importers—can ensure that the Aftermarket cartridges that they export to, or import into, the United States comply with U.S. law, and particularly with the general exclusion orders issued by the U.S. International Trade Commission or ITC in Washington, D.C.



The United States International Trade Commission (USITC), situated at 500 E Street SW Washington, DC, is an independent, quasijudicial federal agency with broad investigative responsibilities on matters of trade. The agency adjudicates cases involving imports that allegedly infringe intellectual property rights. Through such proceedings, the agency facilitates a rules-based international trading system, and provides information and analysis to the President, the Office of the United States Trade Representative, Congress and the public.

can seize and forfeit those cartridges. And (3) the ITC can impose significant monetary penalties on the importer of illegally imported cartridges.

From a legal perspective, the ink and toner cartridge Aftermarket is composed of four types of cartridges, and each is subject to a different legal analysis.

**Counterfeits** are newly manufactured cartridges that are unauthorized replicas of an OEM's cartridge. Counterfeits copy not only the design of the cartridge but also the OEM's labeling and packaging and are intended to deceive the purchaser into thinking he is purchasing a genuine OEM cartridge. In so doing, they violate the laws protecting the OEM's trademark, patent, and copyright rights, as well as U.S. unfair competition

laws specifically prohibiting the sale of counterfeit products.

**Clones** are newly manufactured cartridges that copy an OEM's patented design and that do not reuse components.

For clones, there is no easy or obvious

### IN ORDER FOR A REMAN TO BENEFIT FROM THE PROTECTION OF THE PATENT EXHAUSTION DOCTRINE, IT MUST SATISFY THE "PERMISSIBLE REPAIR" REQUIREMENTS.

defense to an allegation of patent infringement. Most clones are illegal.

**Design-arounds** are cartridges that perform the same functions as the corresponding OEM cartridge but

without infringing the OEM's patent; and their importation is legal so long as the importer can show that the design-around cartridge does not infringe the OEM's patents covered by the general exclusion order.

**Remans** refurbish a used OEM core, reuse some of the components, recharge the toner, and typically replace the OPC. Remans *can* be legally imported *if* they comply with the requirements of the "patent exhaustion doctrine." Under current U.S. law, when an OEM sells one of its cartridges, it loses the right to control what happens

to that cartridge. The Aftermarket remanufacturer who buys that empty OEM cartridge can legally refurbish and resell it in the United States . . . but only as long as the refurbishment does not





go too far in the direction of building an entirely new cartridge (the “permissible repair” requirement).

Therefore, in order for a reman to benefit from the protection of the patent exhaustion doctrine, it must satisfy the “permissible repair” requirements. This requirement is, however, relatively easy to satisfy, since most refurbishment constitutes permissible repair.

## II. Practical Aspects

U.S. Customs and Border Protection (“CBP”) has initial responsibility for enforcing the exclusion orders issued by the U.S. International Trade Commission (“ITC”), including the seven general exclusion orders that are presently in force covering certain cartridges of Epson, Hewlett Packard, Lexmark, and Canon. If CBP decides that your shipment violates an ITC exclusion order, it can deny the shipment entry into the United States, and it can seize and forfeit – that is, confiscate – subsequent shipments. In separate proceedings, the ITC can impose substantial monetary

penalties on importers who violate a cease-and-desist or consent order issued in connection with an exclusion order.

To obtain an assurance *before shipping* that your reman or design-around cartridges can be legally imported into the United States, you can seek (1) a formal letter ruling from CBP or (2) an advisory opinion from the ITC. Because it is a non-

infringing the OEM’s patents or (2) that your cartridges are legal remans, that is, that they satisfy the “permissible repair” requirement of the U.S. patent exhaustion doctrine.

To obtain a CBP letter ruling, you must submit a detailed letter to CBP’s Intellectual Property Rights Branch in Washington, D.C. making your legal and factual arguments as to why the cartridges you wish to import do not violate the relevant ITC exclusion order and you must provide samples of the cartridges you intend to import. It will take about three months for the IPR Branch to issue its ruling. If the IPR Branch agrees with you, it issues a ruling stating that cartridges identical to those

## YOU CAN REQUEST THAT THE ITC ISSUE AN ADVISORY OPINION STATING THAT YOUR CARTRIDGES DO NOT VIOLATE THE RELEVANT EXCLUSION ORDER.

adversarial process, obtaining a CBP letter ruling is less arduous and expensive than obtaining an ITC advisory opinion.

In either case, you must, as discussed in Part I, either demonstrate (1) that your cartridges are legal design-arounds, that is, that they perform the same functions as the corresponding OEM cartridge but without

described in your letter ruling request can be legally imported into the United States. If your cartridges are subsequently detained by CBP, the letter ruling will allow them to be released promptly.

Alternatively, you can request that the ITC issue an advisory opinion stating that your cartridges do not violate the



relevant exclusion order. The ITC will then open an adversarial proceeding in which you and the OEM submit evidence to an administrative law judge (“ALJ”). The OEM will have the opportunity to take discovery from you and/or your manufacturer. At the end of the proceeding, the ALJ may hold a “hearing,” (i.e., a bench trial) before issuing his/her determination. The entire process can take as much as six months.

If you have not obtained a favorable CBP letter ruling or ITC advisory opinion at the time that CBP detains a shipment of your cartridges on the ground that they violate an ITC exclusion order, then you have a different set of options.

If a port official at a U.S. port of entry suspects that your cartridges are subject to an ITC exclusion order, s/he will flag the shipment for inspection, move it to a Customs inspection facility, notify your customs broker, and inspect the shipment. If the port official decides that your shipment actually violates the ITC order, s/he will issue a “denial of

entry notice” warning that if you do not re-export the shipment within 30 days, it will be “forfeited and disposed of.” Finally, the notice states that CBP has informed the ITC of this exclusion. When this happens, the ITC immediately issues a seizure & forfeiture order permitting CBP to confiscate any future shipments that you try to bring into the U.S. that violate the

### **IF YOUR FORMAL APPEAL TO CUSTOMS IS UNSUCCESSFUL, YOU STILL HAVE THE OPTION OF FILING A FORMAL PROTEST CHALLENGING THE DENIAL OF ENTRY.**

same ITC exclusion order.

If you have good facts showing that your shipment is legal, good documentation of those facts, and a good legal argument based on those facts, you should contact CBP informally to see whether you can persuade it to release your merchandise without the necessity of filing a formal

protest. This can save time and money, because a formal protest often takes several months to be resolved, and, in the meantime, your shipment remains in custody, in other words, in limbo.

I suggest contacting the CBP Field Operations office with specific responsibility for ink and toner cartridges, the CBP Center of Excellence and Expertise for Machinery, whose Assistant Director for Enforcement, Robert G. Scholtens, is based in Atlanta, Georgia, and whose senior import specialist with specific responsibility for ink and toner cartridges, Officer William Kaufman, is based in Buffalo, New York. If your informal appeal to Customs is unsuccessful, you still have the option of filing a formal protest challenging the denial of

entry. You must file your protest within 180 days of the date of denial of entry that is given on the denial of entry notice. And if Customs denies your protest, you can appeal to the U.S. Court of International Trade in New York. ■