



HELSINGIN YLIOPISTO
HELSINGFORS UNIVERSITET
UNIVERSITY OF HELSINKI

***Repairing and re-using from an
exclusive rights perspective – towards
sustainable lifespan as part of a new
normal?***

Prof. Taina Pihlajarinne

Helsinki University, Faculty of Law





SUSTAINABILITY & IP

- An increasing call for (environmental) sustainability.
 - Rapid, large-scale action is needed to tackle, for instance, climate change and loss of biodiversity. Also intellectual property rights (IP, IPR) have their role in this context due to their impact on technological innovation and business.





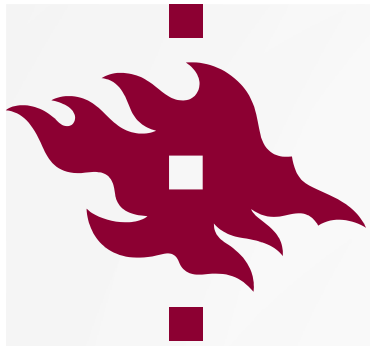
SUSTAINABILITY, CIRCULAR ECONOMY & IP

- UN sustainable development goals include aspects such as *sustainable industry, innovation and infrastructure*.
- Article 11 TFEU
- Circular economy: a new industrial model that aims to reducing the waste and optimizing the use of resources.
 - Linear model of consumption “take, make and waste” -> “reuse, repair, recycle, sustainable supply and responsible consumption”



REPAIRING, RECYCLING AND IP

- Many environmental problems are associated with increased consumption of products, especially those with a short lifespan.
- From a sustainability standpoint, repairing and utilising recycled products as material for new products results in energy savings and reduction of waste, and should therefore be promoted.
 - Technological advances, such as 3D printing, might create new possibilities for repairing activities.
 - However, right holders frequently have business strategies that create incentives for invoking patent or trademark rights to restrict recycling that they deem unwelcome. Problems might emerge in secondary markets as well as in markets for products beyond those offered by intellectual property owners.



EXAMPLE 1: REPAIRING ACTIVITIES & PATENTS

- The rights conferred by patent are wide, and not very flexible.
- Therefore, repair business' activities targeted at patented products are easily considered as prima facie infringements and exhaustion as limitation turns out to be of utmost importance.

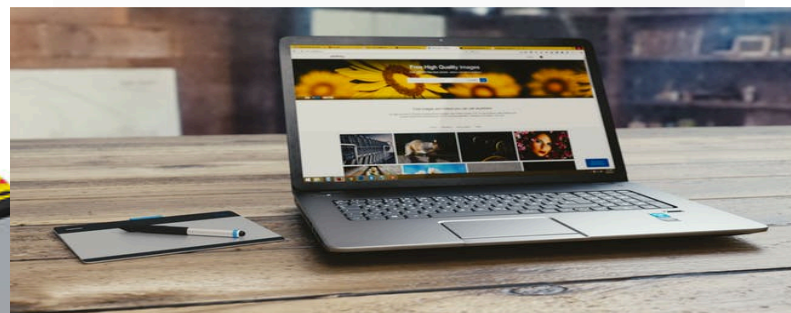


EXAMPLE 1: REPAIRING ACTIVITIES & PATENTS

- The basic idea under the doctrine of exhaustion is that once sold, a product can be used and repaired within its normal lifespan (Kohler, 1900).
- The idea that there must be one opportunity to exploit a patent per invented product. After the first sale, the patent has fulfilled its purpose and the patentee received a compensation.
- Repairing is permitted, making a new product is not.



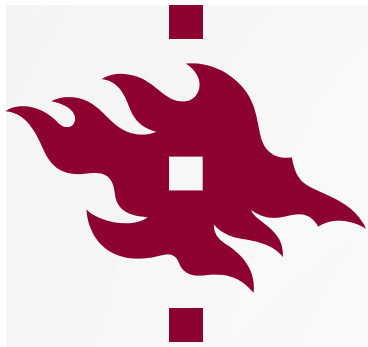
EXAMPLE 1: REPAIRING ACTIVITIES & PATENTS





EXAMPLE 1: REPAIRING ACTIVITIES & PATENTS

- (1) Whether and to what extent the *technical effects* of the invention are embodied by the replaced component.
- (2) The need for repair of the product estimated with respect to the *normal lifespan* of the product.
- (3) The *extent of the repair* compared with the manufacturing process of the original product.



PROBLEMS

- 1) Unpredictability, scarcity of case law and lack of harmonisation.
- 2) The idea of “normal lifespan”, assessed by following “common understanding in society”.
 - The patent holder’s way to market and present the product has impact on how the public perceive the lifespan. What kind of implicit or explicit information they give on the lifespan of the product.
 - Are “take, make and waste” –consumption models “normal”?
- 3) Traditional property right perspectives seem to guide the courts towards having a tendency to follow traditions rather than open their argumentation for sustainability



EXAMPLE 2: UPCYCLING & TRADEMARKS

- Several situations where trademark rights & sustainability / circular economy interests may collide
- so called ‘upcycling’ (or ‘trashion’) cases is used here to demonstrate problems



EXAMPLE 2: UPCYCLING & TRADEMARKS

Upcycling: creation of objects, such as bags, jewellery, home-decorative items from used products. In these cases, beyond the markets of trademarked products, a trademark might be a key feature of a product for the consumer.





EXAMPLE 2: UPCYCLING & TRADEMARKS

- The original product used as raw material and the new product (the product categories and the functionality of products) are, surprisingly completely different. This is an element that makes it attractive for consumers.
 - A trademark serves as an indication of recycling? A reflection of the origin function of the raw-material's trademark.
 - The risk of confusion might be low despite the fact that the trademark might form a prominent feature of the product.



EXAMPLE 2: UPCYCLING & TRADEMARKS

- In interpretation of Articles 10.2 a-c, upcycling might be easily deemed as a prima facie infringement.
- Exhaustion usually covers only repairing a product to its original condition. It might not be applied to a recycled product bearing an original product's trademark in a case where, due to a stage of alteration, the identity of the product has turned into a new, independent product.
- Additionally, when it is applied, a trademark holder might prevent further commercialisation of the product in the case of a 'legitimate reason' as meant in Article 15.2 of the Trademark Directive, "especially where the condition of the goods is changed or impaired after they have been put on the market. The CJEU view in *Copad SA v. Christian Dior couture SA and Others*, C-59/08 indicates a rather extensive protection for brand owners from damaging the luxury image in connection with exhaustion.



EXAMPLE 2: UPCYCLING & TRADEMARKS

- Article 14 1b limitation (utilisation of trademark as an indication of characteristics of goods; in accordance with honest practises in industrial or commercial matters)
 - CJEU's practice: *Adam Opel v. Autec AG*, C-48/05 and *Adidas AG et al v. Marca Mode CV*, C-102/07: only such use that indicates the characteristics of the products of the party utilising a trademark falls into the scope of the limitation. A trademark as an indication must directly relate to the characteristics of the goods marketed. Exploitation of a trademark in a purely decorative purpose does not amount to such use.
 - These strict interpretations do not give much room for trademark usage in connection of recycling. Division between usage of a) a trademark as a characteristic *itself* of a good offered by the recycling industry or b) a trademark as an *indication* of the characteristics of a product offered by the recycling industry is not easy or even feasible.



EXAMPLE 2: UPCYCLING & TRADEMARKS

- Contradictory roles of trademark:
 - Decorations & indications on the origin of raw-material and recycling. Unpredictability: very limited amount of case law in the recycling context in Europe.
 - The purpose of use covered by limitations is defined narrowly and the content of limitations fails to meet the interests of the circular economy. Innovative ways to utilize recycled products should be encouraged in this respect.
 - For an environmentally-conscious consumer, an original trademark left affixed to a product might serve as an important indication of the origin of raw material. However, trademark law fails to recognise such interest.



CONCLUSIONS

- Structural problem: IP system relies heavily on exceptions and limitations as a balancing mechanism. Conceiving sustainability as a negative variable, i.e. as an exception to the main rule, is problematic.
 - Since sustainability arguments are often intertwined with competition arguments, and the fundamental aim of IPRs is to contribute to the welfare of society, there should not exist enormous difficulties in promoting sustainability by IPR regulation.
 - A strong property-right approach, however, hinders sustainability arguments, and a balance between sustainability and the interests of right owners requires sustainability to be embedded more explicitly into IPR regulation. In the IPR context, sustainability should serve as a general principle with limiting effects on IPRs, directing the incentives set by IPRs in a way that fosters sustainability and sustainable competition.



CONCLUSIONS

- Sustainability cannot be seen as less valuable in society than protection of property rights.
- From that perspective, the best alternative would be to embed sustainability and the right to repair perspective directly in the provisions conferring exclusive rights as such.
- Exclusive rights should be formulated so that they are limited within the sustainable lifespan idea. This would mean that the scope of infringing acts should be re-defined in a way that *only acts beyond the genuine purpose of maximising the lifespan of a product or material* would be infringing acts.



CONLCLUSIONS

- A first-aid solution might be to update the doctrine of exhaustion to the era of the modern circular economy.
- The way the “normal lifespan” is perceived: incentives to apply linear, short-term consumption models, the lifespan of the product is seen as short.
 - One option would be to embed the incentive for the circular economy into the repair and reconstruction dichotomy by reassessing the ‘normal lifespan of the product’ idea.
 - Instead of the ‘normal lifespan’, which is often perceived as following the ‘take, make and waste’ consumption models instead of including an obligation for sustainable lifespan, we could apply, for instance, a threshold of a *‘normal, sustainable lifespan for that particular category of product’*, or an *‘environmentally-friendly lifespan’*.



CONCLUSIONS

-> A departure from the idea of what *is* the lifespan of a product to an idea of what it *should* be, that is, how long the product should work in a sustainable society.

Possible consequences?

- Incentives for the circular economy and sustainable products
- More unpredictability?
 - More detailed guidelines for assessing sustainable lifespan. Flexibility, soft law?



CONCLUSIONS

- A tendency to consider non-typical uses of a trademark where a trademark is perceived as something else as a badge or origin, as prima facie trademark infringements.
 - A vice-versa assumption should be applied: in cases where the ultimate focus of trademark use is not on the badge of origin type of purpose and the use is considered feasible from the sustainable business model perspective, should be out of the scope of exclusive right?



THANK YOU!

- Pihlajarinne, Taina: Repairing and Re-using from an Exclusive Rights Perspective – Towards Sustainable Lifespan as Part of New Normal? IP and Sustainable Markets. Rognstad, O-A. & Berg Ørstavik, I. (eds.) Edward Elgar Publishing, forthcoming 2020.
- Pihlajarinne, Taina & Ballardini, Rosa: Paving the way for the Environment – Channeling “Strong” Sustainability into the European IP System. European Intellectual Property Review, forthcoming 2020.