



European Toner & Inkjet
Remanufacturers Association a.i.s.b.l.

Guide to Clones

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**Things to consider
when trading
non-OEM newbuilt
cartridges in Europe**

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1 Introduction

In the European market today, there are mainly 4 kinds of printer cartridges, which can roughly be classified as follows:

- A OEM CARTRIDGE:** new cartridge produced by the original printer manufacturer (=OEM) and sold under that brand name
- B REMANUFACTURED CARTRIDGE:** used OEM cartridge that has been refurbished (usually by a 3rd party), parts cleaned and/or replaced, refilled with toner or ink, and then ready for use as cartridge again (and again and again.....)
- C NEWBUILT NON-OEM CARTRIDGE:** new cartridge NOT produced by the original printer manufacturer but by a 3rd party, and sold under a 3rd party brand name
- D COUNTERFEIT CARTRIDGE:** (new) cartridge NOT produced by the original printer manufacturer but by a 3rd party, and sold under OEM brand name

Lately, there has been a huge increase in the imports into Europe of the type **C**: newbuilt non-OEM toner and inkjet cartridges. Most of these products are produced in China and other South East Asian countries. They are normally very similar, or even identical, to the original cartridges produced by the original equipment manufacturer (=hereafter OEM). But as OEM cartridges are often (partially) patented across Europe, many of these newbuilt non-OEM cartridges infringe one or more OEM-patents or design rights.

To avoid that a company trade cartridges that infringe OEM patent(s), it is vital to have a full understanding of which products can, and which products cannot be produced/traded.

On page 4 of this Guide, you find the key benchmarks you must apply when faced with newbuilt cartridges.

2 Definitions:

The Tables below further specify the key aspects of the above-mentioned cartridge types B, C and D. Table 1 outlines the properties of each type in more detail. Table 2 then gives a legal appreciation of each of those cartridge types.

	Definition	Category	Explanation
1	counterfeit= 100%-clone	blatant copy, = fake	look & feel 100% like OEM product – including product and packaging illegal use of OEM brand: brand, design patent infringement
2	clone	„potential fake“	looks confusably similar to OEM product, but no OEM brand , patented OEM technology replaced by inferior technology replacements (no patent infringement)
		„imperfect fake“ (<i>lacks OEM functionality</i>)	looks like OEM at first sight (use of OEM brand), but in detail sophisticated, patented OEM technology replaced by inferior technology replacements (no patent infringement)
		„no-name fake“	no OEM brand , but OEM patents and design infringed example: colour & design identical, but no OEM brand in place
3	infringing compatible	functional copy	looks different , but OEM patent infringement
4	“IPR free” compatible	Not a copy, IPR respecting, functional solutions	looks different , no OEM brands used , no OEM patents used
5	fair reman	legal repair only	original patented OEM parts (real used parts) , OEM brands removed
6	false reman	reman cartridge using illegal parts, see counterfeit	use of „new built“ empties instead of used patented OEM parts, example: identical OEM copy, but sold as „remanufactured“
7	infringing reman	use of fake parts / IPR infringing components	use of legal OEM empties , patent infringing parts added (example: Canon toner gear coupling)

Table 1

	Definition	Category	Intellectual Property Right (IPR)			Unfair competition	Risks	
			patent	brand *	design *		civil	criminal
1	counterfeit= 100%-clone	blatant copy = fake	Red	Red !	Red !	Red	Red	Red !
2	clone	„potential fake“	Red	Red	Red !	Red	Red	Yellow
		„imperfect fake“ (<i>lacks OEM functionality</i>)	Red	Red !	Red !	Red	Red	Red !
		„no-name fake“	Red	Red	Red	Red	Red	Red
3	infringing compatible	functional copy	Red	Red	Red	Red	Red	Yellow
4	“IPR free” compatible	Not a copy, IPR respecting, functional solutions	Green	Green	Green	Green	Green	Green
5	fair reman	Legal repair only	Green	Green	Green	Green	Green	Green
6	false reman	reman cartridge using illegal parts, see counterfeit	Red	Red !	Red !	Red	Red	Red !
7	infringing reman	use of fake parts / IPR infringing components	Red	Red	Red	Red	Red	Red

Table 2

Green = OK Red = Illegal Yellow = Case By Case Decision

Key Benchmark Tool to Apply in the Trade in Newbuilts:

Which products are legal, and which are not ?

The two Tables above clearly show that all counterfeits (nr. 1) and most clones, compatibles, false remans (nrs. 2, 3, 6, 7) are illegal. Only the types defined as "IPR-free compatible" and "fair reman" (nrs. 4, 5) can be traded legally.

Companies should therefore ensure that all their products qualify as "IPR-free compatible" or "fair reman". To do that, companies must test all cartridges for compliance by benchmarking them against the following criteria:

IPR-FREE COMPATIBLE CARTRIDGE:

- no OEM look
- no OEM brands used
- no OEM patents used
- functional solutions

FAIR REMANUFACTURED CARTRIDGE:

- used OEM cartridge
- only use of parts that do not infringe patents/designs/brands
- OEM brands removed

DO YOU WANT MAJOR RISKS FOR JUST A FEW EURO'S?

Think again: do not buy/sell patent-infringing newbuilt toner cartridges

If in doubt, ask ETIRA: info@etira.org



Hereafter we use the term "patent-infringing newbuilt" for all products classified above as types 1, 2, 3, 6 and 7.

3 Why you should not engage in trading newbuilt toner cartridges that infringe patents:

Patent-infringing newbuilt toner cartridges have many legal problems. Here's why:

1 False labeling of the cartridge

Some patent-infringing newbuilt toner cartridges are being offered or sold as "remanufactured" or "rebuilt", or alike, but in reality they are fully new ! The illegal claims regarding these products mislead the customer: the customer thinks he is buying an environment-friendly cartridge, but in reality he is not !!

False labeling and false advertising is a criminal offense in all European countries. So anyone marketing such a product is liable to penal prosecution, and could face imprisonment and high financial penalties !!! In 2008, a Court in Cologne, Germany ordered a company that labeled newbuilt cartridges as "remanufactured" to pay 250,000 euro in damages for any new occurrence of false labeling !

HOW CAN YOU TELL IF A CARTRIDGE IS AN PATENT-INFRINGING NEWBUILT AND NOT A REMANUFACTURED OEM-CARTRIDGE ?

HERE's HOW:

-the price:

the difference between the price of the empty cartridge and the price of the remanufactured cartridge must be meaningful. If it is not, it is likely that the product is new.

-timing of product availability:

in the first 12-15 months after a new printer is released, genuine remanufactured OEM cartridges are usually not yet available because not enough empties were available in the market. So if you get large volumes of non-OEM "remanufactured" cartridges offered to you within 12-15 months after printer launch, it is likely that those products are not remanufactured cartridges but patent-infringing newbuilts.

-appearance:

if the cartridge shows not even the slightest signs of wear and tear and prior use, it is most probably a newbuilt.

2 Infringement of patents of the original equipment manufacturer (OEM)

Most newbuilt toner cartridges infringe one or more design and/or functionality patents of the printer manufacturer (OEM). That's why selling/buying them is illegal.

Remanufacturing a used cartridge is legally considered to be "permissible repair", but simply copying a cartridge model and building a new product just like it, often is not. This is the

main reason why such cartridges are not being remanufactured in Europe today: if a remanufacturer would remanufacture these cartridges, he too would violate the OEM-patents and be liable for lawsuits.

The OEM will become aware of this patent infringement, and they will take legal action and claim financial compensation for damages from anyone trading (importer, distributor, reseller, etc.) these cartridges. Please refer to the many recent court cases where OEM's have succeeded in stopping trade in patent-infringing cartridges in Europe.

3 Patent-infringing newbuilt toner cartridges are bad business sense

- selling patent-infringing newbuilt toner cartridges as a distributor or as a reseller, will not be your long-term activity: as the only product determining factor is price, your will lose your customer quickly because he will quickly "go direct": your supplier in China will be very happy to supply your customer directly, even in case of small orders.
- loss of existing OEM price discounts: many distributors and resellers of patent-infringing newbuilt toner cartridges also sell OEM cartridges. But if the OEM finds out that you also sell patent-infringing non-OEM toner cartridges, they will lock you out and take away any preferential conditions you have with them.

4 Patent-infringing newbuilt toner cartridges are bad for the environment

• No end of life solution

OEM's and remanufacturers have set up permanent systems to collect their cartridges after the client has used them. Most of them are then remanufactured, recycled or disposed of in an environmental-friendly way. But most patent-infringing newbuilt toner cartridges imported from SE Asia have no end-of-life solution at all, which means they will simply be land-filled or incinerated after 1st use, polluting the environment in Europe. Because they cannot be legally remanufactured (see *under item 2 above*), they in practice are always "single-use only". **This gives them the worst environmental impact, and highest greenhouse gas emission performance of all cartridges on the market today.**

Example: a remanufactured HP 1010 has a 40% lower CO2 footprint than a new HP cartridge. But when the HP cartridge is remanufactured once or several times, its total footprint is strongly reduced. However, a patent-infringing newbuilt cannot be remanufactured as remanufacturing it would only continue the infringement.

• No compliance with EU legislation on health/safety

Patent-infringing newbuilt toner is often imported without any consideration for EU and national rules regarding health and safety protection. But with REACH and other safety laws now firmly in place across Europe, a violation of these rules will result in confiscation of the cartridges, and penal and civil law charges for anyone holding them.

• Using up natural resources

Manufacturing a toner cartridge takes about 1- 2 liters of oil. Over 65% of used cartridges are simply thrown away after first use. Remanufacturing them saves natural resources like oil, aluminium and paper.

5 Patent-infringing newbuilt toner cartridges kill local jobs

Almost all patent-infringing newbuilts are produced in South East Asia (mainly China), by huge multinational firms which have thousands of low-paid workers who get no health or safety protection. As such, these cartridges take away jobs in your country and Europe, and endanger the lives of thousands.

6 Patent-infringing newbuilt toner cartridges are poor quality

Patent-infringing newbuilt toner cartridges from Asia are designed and produced with only 1 thing in mind: they must be cheap. Producers of such toner cartridges are in constant fierce competition with each other. Price is the only factor. Costs are cut wherever possible.

This race to the bottom is reflected in the end-product: it is often of poor quality, and has poor print performance. And in many cases, there are no available parts for the patent-infringing newbuilt toner cartridge, so if something goes wrong you have to buy a full new product.

7 Patent-infringing newbuilt toner cartridges violate fair competition laws

Under national and EU civil laws on fair competition, traders must play by the rules. So OEM's suffer financial damage when their patents are infringed. Also remanufacturers suffer financial damage because of the business conduct of false labeling, as customers believe that they are "being green" by buying these cartridges, yet in reality they are buying new cartridges. The wrong-labeled products hence take advantage of the remanufactured "brand", without doing the work for it, or providing the environmental benefits of a lower CO2 reduction.

Under EU and national law, such conduct constitutes unfair competition vis-à-vis traders who respect the rules and who constantly invest in producing remanufactured cartridges out of prior used cartridges. Buying/selling patent-infringing newbuilt non-OEM toners hence makes a trader liable for having to pay compensation for damages.

Myths about patent law suits by the OEM's.....

Myth #1: If an OEM takes me to court I am not liable to pay for financial damages, because my supplier sold me the cartridges so only he is liable.....

WRONG !!! Anybody who imports, distributes, handles, markets, possesses, etc. patent-infringing newbuilt products is liable to criminal prosecution and having to pay financial damages. So you are liable too !

Myth #2: I am only a reseller/distributor, so I cannot know whether or not a patent is infringed, and so I am not liable

WRONG AGAIN !!! Only private consumers are exempt from patent-issues, but businesses are not: European and national laws dictate that any commercial operator (so anyone who imports, distributes, handles, markets, possesses, etc. patent-infringing newbuilt products) must be aware of any patents on the products they trade . So you are liable too !

Myth #3: I can get away with it today, so tomorrow I will be safe.....

WRONG AGAIN ! The risk that you will be taken to court can continue for a long time: empties of newbuilt non-OEM toner cartridges may be collected within a regular empty collection program. Experts can then still detect whether it is an patent-infringing newbuilt. So the flow of goods can even be tracked for years and years.

So if you sell a newbuilt non-OEM toner cartridge today and the empty cartridge appears after 2 years in the empty collection, you will still be held financially responsible and taken to court !!

Myth #4: I never read anything about any legal actions by the OEM's, so in practice they never sue anyone.....

WRONG AGAIN ! The OEM's act against distributors/resellers all the time. In 9 out of 10 cases a single letter from the OEM was enough to stop the reseller from trading infringing newbuilts. But that result is then not publicized in the press. Only when a reseller refuses to comply with the letter will the OEM take him to court and publish that.

Myth #5: I quickly looked and could not find the patent in my national register, so the product is patent-free.....

WRONG AGAIN ! Patents are often hard to find, but there are thousands of them on toners. They exist on most elements of each cartridge model. OEM's register patents all the time, and the registration process is long but the patent validity started on the 1st day of applying for the patent. In case of doubt, ask at info@etira.org.



Samsung protects customers and business partners from patent infringing compatible printing supplies

February 2012 - Samsung Electronics is a leading company in the world of consumer electronics and information technology. Samsung is the holder of numerous intellectual property rights authorising it to use exclusively technology, designs and distinctive trademarks.

Samsung's patents relate to state of the art techniques of ink- and/or toner supplying apparatuses and methods for the ink- and/or toner supply applied in Samsung's printers and toner cartridges.

Samsung wishes to inform you that it came to Samsung's attention that some toner cartridges in circulation on the EU-market may infringe on Samsung's patents. Samsung has notified certain resellers of those toners regarding Samsung's patent positions.

After conducting extensive internal investigation and evaluation, Samsung has reached the conclusion that the patented technique is applied in specific toner-products of several branded newly produced cartridges that are compatible with Samsung's printers carrying the distinctive numbers CLP-310, CLP-315, CLP-320, CLP-325, CLX-3170, CLX-3175 and CLX-3185 printers.

"Samsung is keen to protect its brand, its customers and its business partners from suffering due to the sale of certain compatible products by which Samsung's IP rights are infringed," said Maarten de Mol van Otterloo, Senior Manager, Legal and Sustainability Affairs, Samsung Electronics Europe. He also stated that "Samsung has shown recently that it is committed to continuously defend its investment in intellectual property and if necessary will pursue legal enforcement against practices that do not respect Samsung's IP rights..."

Samsung designs and manufactures laser toner cartridges to work with its printing devices. All Samsung products are extensively tested to ensure they consistently provide high levels of performance. Together, Samsung hardware and supplies produce reliable, high-quality and cost effective printouts.



Above; March 2012: HP takes legal action against patent-infringing newbuilts models 21, 22, 27, 28, 56 and 57 inkjets

Left: February 2012: Samsung takes legal action against patent-infringing newbuilts CLP-310, CLP-315, etc

4 Tips for brokers in empty cartridges

As a buyer or seller of empty cartridges, you too can help to clear the European market from patent-infringing newbuilt toner cartridges that pollute our environment. Here's how:

1 Buying/selling empties' of clones is business suicide !

If you are trading empty clones today, you will be out of business soon. Why ? Because newbuilt patent-infringing cartridges will always be less expensive than remanufacturing them.

So in addition to infringing patents, there will be no buyer for these newbuilts.

2 Ensure that your collection programs do not accept patent-infringing newbuilt cartridges

As it may be difficult for your suppliers to distinguish non-OEM infringing newbuilts from OEM- or remanufactured OEM cartridges, some education may be needed. But if you

know where and how your supplier purchased his full cartridges, you can discuss the matter with him, and insist that you can only accept to take in OEM-empties and remanufactured OEM empties.

3 Pay only for OEM empties and remanufactured OEM empties, not for patent-infringing newbuilts

If you pay the supplier(s) of the empties, make sure to deduct from your payment the volume that concerned patent-infringing newbuilts, and tell the supplier why you did that.

5 Tips for public bodies tendering for cartridges

Public bodies often purchase office supplies like cartridges through public tenders, where any interested party can apply.

Sometimes these tenders include the possibility to offer patent-infringing newbuilt toner cartridges.

As mentioned above, these products will violate one or more legitimate patents of the OEM printer manufacturer.

Moreover, these toner cartridges are polluting the European environment: as they cannot be remanufactured, and because there is no other end-of-life solution, they often simply wind up in landfill in Europe. By nonetheless allowing these cartridges to participate in the tender, a public body

deliberately and willingly engages in and facilitates illegal trade in patent-infringing and polluting products in the EU.

This counters all efforts to make public procurement more sustainable and environment-friendly. From a public relations' perspective, this is something a public body cannot and should not do, given its function as role model for businesses and consumers.

Public bodies should therefore explicitly exclude patent-infringing newbuilt toner cartridges from the tender. This is not a violation of the fair trade principle: if no end-of life solution is offered, public bodies are fully entitled to refuse this supplier access to the tender.



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ETIRA member- companies are toner & inkjet cartridge remanufacturers and their suppliers, jointly producing a top quality product which is competitively priced and, thanks to the re use of basic materials, is 100% environment friendly.

More info on www.etira.org