

Canon and Tonet Reach Mediation Decision in Toner Cartridge Patent Dispute in Korea



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Canon Inc. has announced the conclusion of its patent-infringement lawsuit against Tonet Inc. in South Korea. The Seoul Central District Court of Korea concluded the case by mediation—and the terms of the mediation decision are highly favorable to Canon.

Canon revealed that it had filed suit against Tonet in March (see "[Canon Sues Online Seller of Aftermarket Toner Cartridges in Korea](#)"). The move followed a massive number of toner cartridge lawsuits that the OEM had filed in the United States (see "[Canon Causes Another Cataclysm: OEM Sues Numerous Aftermarket Firms for Patent Infringement](#)").

The OEM claimed that certain toner cartridges that Tonet sold on its own website (<http://officeaid.co.kr/>) and other open market websites infringed Korean patent numbers [10-1182006](#) and [10-1101654](#). While this was not Canon's first consumables lawsuit in South Korea—the OEM ultimately prevailed litigation it brought against Korean drum makers that accused them of infringing its twisted prism gear patents (see "[Canon Prevails in Korean 'Twisted Prism' Patent-Infringement Suit](#)")—this marked the first lawsuit we were aware of in which Canon was asserting its dangle gear patents in the country.

Canon's [press release](#) states that in the mediation decision Tonet admits to having infringed the pair of patents. Tonet must also cease the sale and distribution of several toner cartridge models, including HP CF280X, HP CF280A, HP CE255X, HP CE255A, HP CE505X, HP CE505A, HP CF287A, HP CF226X, HP CF226A, HP CE255X/CRG324II, HP CE255A/CRG324, HP CE505X/CRG319II/CF280X, HP CE505A/CRG319/CF280, HP CF350A 4-

pack color toner (CF350A, 351A, 352A, 353A), and HP CE310A 4-pack color toner (CE310A, 311A, 312A, 313A). Canon adds, "Furthermore, Tonet has agreed to render information and accounting about the offer and distribution of said toner cartridges, to pay damages to Canon, and to destroy any of the above mentioned products in its possession or property."

We have heard mixed things over the years about what Canon demands financially when resolving toner cartridge disputes with defendants. Some say Canon has sometimes not asked for anything in the way of payment when defendants agree to settle quickly. But it also seems clear that this is not always the case, and a lot may depend on when you settle and who you are—a small reseller or a deep-pocketed manufacturer. Here, Canon specifically calls out that Tonet must pay damages. Determining how much Tonet must pay is presumably what the rendering of "information and accounting about the offer and distribution of said toner cartridges" is about.

Lawsuits, of course, are costly to defendants in ways other than whatever it may cost to reach an agreement with Canon. Attorneys' fees are hugely expensive and mount quickly in a patent dispute. Moreover, it can be costly and disruptive if a party has to pull infringing cartridges from the market and destroy inventory—as is the case for Tonet.

And, of course, patent-infringement lawsuits can become *extremely* costly for defendants if a case proceeds to trial and is decided in the plaintiff's favor. After a U.S. jury decided that Color Imaging and General Plastic Industrial (GPI) had infringed a single Canon toner bottle patent, the jury awarded Canon nearly \$4.5 million and the judge then allowed for enhanced damages, bringing the total



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to \$5.3 million—and that does not include the millions Canon is seeking in attorneys' fees (see "[Canon Gets Enhanced Damages and Permanent Injunction in Lawsuit against Color Imaging and GPI](#)").

Canon concludes its statement with a customary warning: "Throughout the development, sales, and marketing process, Canon respects the intellectual property rights of other companies and individuals, and expects others to do the same. Canon remains committed to taking an appropriate measure including

legal action against anyone who does not respect Canon's intellectual property rights."

It will be interesting to see if the Tonet lawsuit marks the end or the beginning of Canon's efforts to enforce its dongle gear patents in South Korea. Presumably, Tonet had to turn over information about its suppliers, and as we have seen in the past OEMs often use information gleaned from one lawsuit to bring subsequent suits.

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