

Canon Causes Another Cataclysm: OEM Sues Numerous Aftermarket Firms for Patent Infringement



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Canon has done it again. On February 28, Canon Inc. filed a veritable accusing numerous aftermarket supplies manufacturers and distributors of infringing its toner cartridge patents. The company asked the U.S. International Trade Commission to open a Section 337 investigation into infringement of its patents. Moreover, as of the time of writing, Canon has filed 36 separate patent-infringement complaints against 49 companies in federal district courts throughout the United States.

The industry had an inkling a new wave of lawsuits might be coming after Canon filed suit against Kostland at the end of December (see [“Canon Sues Kostland over Infringement of JetIntelligence Patent”](#)). This lawsuit, which has already been settled (see [“Kostland Agrees to Consent Judgment and Injunction in Canon Lawsuit”](#)), alleged infringement of a newer Canon patent on a coupling, or gear, used to connect a toner cartridge to the drive motor inside a printer. The accused products in this case were some of HP’s latest-generation JetIntelligence cartridges. At the very least, it seemed clear Canon had a lawsuit against the Aster Graphics group of companies in the works, as this was the manufacturer of the cartridges sold by Kostland.

Now, it seems clear that Canon had something even bigger planned—a massive wave of litigation designed at targeting aftermarket firms that continue to market alternatives to Canon and HP toner cartridges using Canon’s dongle gear design, as well as alternatives to HP’s new JetIntelligence cartridges.

We have seen this sort of parallel ITC and district court litigation over toner cartridge patents from Canon twice before. In 2012, Canon filed complaints before the ITC and in district court accusing 34 companies of infringing a pair of patents on Canon’s twisted prism gear design used in all-in-one toner cartridges (see [“Reman Nightmare Realized: Canon Sues Dozens Over Infringing Gear”](#)). After all the defendants/respondents settled with the OEM, the U.S. International Trade Commission (ITC) awarded Canon a general exclusion order (GEO) on its twisted prism gear designs in 2013 (see [“U.S. ITC to Restrict Imports of Infringing Canon Gears: Alerts U.S. Customs of GEO”](#)). The GEO Canon was awarded in the 337-TA-829 investigation is no longer enforced because the patents at issue have expired (see [“Canon Says Sayonara to Twisted Prism Gear GEO”](#)).



And you get a lawsuit! And you get a lawsuit! And you get a lawsuit!

What has resulted is that despite Canon's efforts to protect its (and HP's) share of the replacement toner cartridge market, the U.S. market remains flooded with low-priced aftermarket cartridges. Now, Canon is again taking legal action to fight back.

More recently, in 2014, Canon filed patent-infringement complaints before the U.S. ITC and in district court alleging infringement of what became known as the dongle gear used in various Canon and HP all-in-one toner cartridges (see [“Here We Go Again: Canon Sues Firms for Infringing Various Gear and Drum Patents,”](#) [“Canon Requests New ITC Investigation over Coupling Used in Third-Party Toner Cartridges,”](#) and [“Canon's District Court Complaints against New Defendants Made Public”](#)). In Canon's ITC complaint that generated the 337-TA-918 investigation, Canon named as respondents 33 companies. In U.S. district court, Canon filed 21 lawsuits against 35 companies alleging infringement of the dongle gear patents. Canon also filed numerous lawsuits in Europe. In 2015, the ITC awarded Canon a GEO in the 918 investigation, barring from importation into the United States cartridges that infringed Canon's dongle gear patents (see [“ITC Awards Canon GEO in Dongle Gear Investigation”](#)). Again, this was a win after all the respondents either settled with Canon or defaulted in the investigation.

Aftermarket supplies manufacturers, however, were quick to bring to market what they claimed were non-infringing alternatives to Canon's dongle gear cartridges. Meanwhile, Canon and HP brought to market their JetIntelligence consumables in 2015, which included toner cartridges with a number of technologies that were supposed to pose challenges to the aftermarket (see [“HP Reinvents Its Consumables with JetIntelligence Color LaserJet Launch”](#)). The aftermarket, however, was able to offer alternatives to the JetIntelligence consumables within just a few months. Canon and HP received another blow in their intellectual property (IP) protection efforts last year when the U.S. Supreme Court issued its decision in *Impression*

Products v. Lexmark International (see [“U.S. Supreme Court Sides with Impression Products and against Lexmark on Patent-Exhaustion Questions”](#)). This decision allows for remanufacturers to use empty cartridges that were first sold outside the United States in products for sale in the United States and impacted how GEOs are enforced. Prior to the decision, U.S. Customs would not allow into the United States remanufactured cartridges that used cores source from outside the United States. After that decision, that restriction was lifted.

What has resulted is that despite Canon's efforts to protect its (and HP's) share of the replacement toner cartridge market, the U.S. market remains flooded with low-priced aftermarket cartridges for the latest and greatest printers from HP and Canon. A growing number of those aftermarket cartridges are new-build compatible cartridges. Now, Canon is again taking legal action to fight back.

Who Is Canon Suing?

Altogether, as things currently stand, Canon Inc. has filed patent-infringement claims against the same 49 companies before both the U.S. ITC and in federal district court. The list of defendants/respondents includes 9010-8077 Quebec Inc. (doing business as, or dba, Zeetoner); Acecom, Inc. - San Antonio (dba InkSell.com); ACM Technologies, Inc.; Apex Excel Limited (dba ShopAt247); Arlington Industries, Inc.; Aster Graphics, Inc., Jiangxi Yibo E-tech Co., Ltd., and Aster Graphics Co., Ltd. (collectively Aster Group); Billiontree Technology USA Inc. (dba Toner Kingdom); Bluedog Distribution Inc.; CLT Computers, Inc. (dba Multiwave and MWave); Do It Wiser LLC; EIS Office Solutions, Inc.; eReplacements, LLC; Fairland, LLC (dba ProPrint); Frontier Imaging Inc.; FTrade Inc. (dba

ValueToner); Garvey's Office Products, Inc.; Global Cartridges; GPC Trading Co., Limited (dba GPC Image); Hong Kong BoZe Co., Limited (dba Greensky); i8 International, Inc. (dba Ink4Work); Ink Technologies Printer Supplies, LLC; Kuhlmann Enterprises, Inc. (dba Precision Roller); LD Products, Inc.; Linkyo Corp. (dba SuperMediaStore.com); Master Print Supplies, Inc. (dba HQ Products); Ninestar Technology Company, Ltd., Ninestar Corporation, Ninestar Image Tech Limited, and Apex Microtech Ltd. (collectively Ninestar); Online Tech Stores, LLC and Imaging Supplies Investors, LLC (dba SuppliesOutlet.com, SuppliesWholesalers.com, and OnlineTechStores.com); Ourway US Inc., Kingway Image Co., Ltd., Ourway Image Tech. Co., Ltd., Ourway Image Co., Ltd., and Zhuhai Aowei Electronics Co., Ltd. (collectively Kingway Group); Print After Print, Inc.; Print-Rite N.A., Inc., Print-Rite Holdings Ltd., Union Technology Int'l

(M.C.O.) Co. Ltd., and Print-Rite Unicorn Image Products Co. Ltd. (collectively Print-Rite); Reliable Imaging Computer Products, Inc.; Static Control Components, Inc.; The Supplies Guys, LLC; V4INK, Inc.; World Class Ink Supply, Inc.; and Zinyaw LLC (dba Supply District and TonerPirate.com).

One thing we have learned over the years is that it is essential to create and maintain detailed tables in this type of litigation with multiple venues and many defendants. A table of the aftermarket supplies companies named in Canon's complaints appears below. Note that Static Control is broken out separately in the table, rather than combined with parent company Ninestar, because Canon filed one lawsuit in district court against the Ninestar group and a separate lawsuit against Static Control Components, although in the ITC complaint Canon lumps Static in as part of the Ninestar group.

Defendants in Canon's February 28 U.S. Complaints

Company Name	Headquarters	U.S. District Court Complaint	Named in ITC Complaint?
9010-8077 Quebec Inc. (dba Zeetoner)	Dollard-Des- Omeaux, Quebec, Canada	Eastern District of New York	yes
Acecom, Inc. - San Antonio (dba InkSell.com)	San Antonio, TX	Western District of Texas	yes
ACM Technologies, Inc.	Corona, CA	Central District of California	yes
Apex Excel Limited (dba ShopAt247)	Walnut, CA	Central District of California	yes
Arlington Industries, Inc.	Waukegan, IL	Northern District of Illinois	yes
Aster Graphics, Inc., Jiangxi Yibo E-tech Co., Ltd., and Aster Graphics Co., Ltd. (collectively Aster Group)	Placencia, CA Xinyu City, Jiangxi, China Zhongshan, Guangdong, China	Central District of California	yes
Billiontree Technology USA Inc. (dba Toner Kingdom)	City of Industry, CA	Central District of California	yes
Bluedog Distribution Inc.	Aventura, FL	Southern District of Florida	yes
CLT Computers, Inc. (dba Multiwave and MWave)	Walnut, CA	Central District of California	yes
Do It Wiser LLC	Alpharetta, GA	Northern District of Georgia	yes
EIS Office Solutions, Inc.	Houston, TX	Southern District of Texas	yes
eReplacements, LLC	Grapevine, TX	Northern District of Texas	yes
Fairland, LLC (dba ProPrint)	Rowland Heights, CA	Central District of California	yes
Frontier Imaging Inc.	Compton, CA	Central District of California	yes
FTrade Inc. (dba ValueToner)	Brooklyn, NY	Eastern District of New York	yes
Garvey's Office Products, Inc.	Niles, IL	Northern District of Illinois	yes
Global Cartridges	Burlingame, CA	Northern District of California	yes
GPC Trading Co., Limited (dba GPC Image)	Kowloon, Hong Kong	Eastern District of New York	yes

(continued on next page)

Defendants in Canon's February 28 U.S. Complaints (continued)

Company Name	Headquarters	U.S. District Court Complaint	Named in ITC Complaint?
Hong Kong BoZe Co., Limited (dba Greensky)	Lai Chi Kok, New Kowloon, Hong Kong	Eastern District of New York	yes
i8 International, Inc. (dba Ink4Work)	City of Industry, CA	Central District of California	yes
Ink Technologies Printer Supplies, LLC	Dayton, OH	Southern District of Ohio	yes
Kuhlmann Enterprises, Inc. (dba Precision Roller)	Phoenix, AZ	District of Arizona	yes
LD Products, Inc.	Long Beach, CA	Central District of California	yes
Linkyo Corp. (dba SuperMediaStore.com)	La Puente, CA	Central District of California	yes
Master Print Supplies, Inc. (dba HQ Products)	Burlingame, CA	Northern District of California	yes
Ninestar Technology Company, Ltd., Ninestar Corporation, Ninestar Image Tech Limited, and Apex Microtech Ltd.	Chino, CA Zhuhai, Guangdong, China Zhuhai, Guangdong, China Hong Kong	Central District of California	yes
<i>(collectively Ninestar)</i> Online Tech Stores, LLC and Imaging Supplies Investors, LLC (dba SuppliesOutlet.com, SuppliesWholesalers.com, and OnlineTechStores.com)	Grand Rapids, MI Reno, NV	Western District of Tennessee	yes
Ourway US Inc., Kingway Image Co., Ltd., Ourway Image Tech. Co., Ltd., Ourway Image Co., Ltd., and Zhuhai Aowei Electronics Co., Ltd.	City of Industry, CA Zhuhai, Guangdong, China Zhuhai, Guangdong, China Zhuhai, Guangdong, China Zhuhai, China	Central District of California	yes
<i>(collectively Kingway Group)</i> Print After Print, Inc.	Phoenix, AZ	District of Arizona	yes
Print-Rite N.A., Inc., Print-Rite Holdings Ltd., Union Technology Int'l (M.C.O.) Co. Ltd., and Print-Rite Unicom Image Products Co. Ltd.	La Vergne, TN Chai Wan, Hong Kong Macau Zhuhai, China	Middle District of Tennessee	yes
<i>(collectively Print-Rite)</i> Reliable Imaging Computer Products, Inc.	Northridge, CA	Central District of California	yes
Static Control Components, Inc.	Sanford, NC	Middle District of North Carolina	yes
The Supplies Guys, LLC	Lancaster, PA	Eastern District of Pennsylvania	yes
V4INK, Inc.	Ontario, CA	Central District of California	yes
World Class Ink Supply, Inc.	Woodbury, NJ	District of New Jersey	yes
Zinyaw LLC (dba Supply District and TonerPirate.com)	Houston, TX	Southern District of Texas	yes

Source: Actionable Intelligence

Canon has filed suit against four big Chinese aftermarket consumables manufacturers; multiple entities affiliated with each organization are named. The manufacturers include Ninestar, Aster, Print-Rite, and Kingway (Ourway). All the other companies named are distributors, most of them based in the United States. Most of these distributors sell cartridges online, either on their own websites or on Amazon and other online marketplaces. Based on our review of the complaints, many of the distributors accused of infringement sold cartridges manufactured by Aster, Kingway,

Ninestar, or Print-Rite, although some sold cartridges we either did not recognize or that were sold under their own private-label brands.

It is also interesting to see who is not on the list of defendants/respondents. While Canon's two previous waves of lawsuits all named some Western toner cartridge remanufacturers, that is not the case this time around. That, to us, indicates that Canon's main focus was targeting clones/new-build compatible cartridges.

Nevertheless, one firm that is a major component supplier to the

remanufacturing industry, was named as a defendant: Static Control Components. While Static fought Lexmark in the courts on and off for years, the firm has not frequently been accused of infringement by other OEMs. This is the first time we can recall seeing the firm's name on a ITC complaint. However, in 2015, Apex Microelectronics acquired Static Control, and the firm is now part of Ninestar group of companies (see "[Apex Weds Static Control and the Reman Chip Industry Gets a Lot Smaller](#)"). It seems that the products that got Static Control into hot water with Canon were finished cartridge manufactured by Ninestar and imported and sold by Static.

Some of the companies named in Canon's latest litigation, including Acecom, ACM, Aster, Do It Wiser, Ink Technologies Printer Supplies, LD Products, Linkyo, Ninestar, Online Tech Stores, Print-Rite, The Supplies Guys, and Zinyaw, were also defendants and respondents in Canon's dongle gear litigation of 2014/2015. A few, including Acecom, Ink Technologies Printer Supplies, Online Tech Stores, Zinyaw, were also defendants/respondents in the twisted prism litigation of 2012/2013.

What Patents Is Canon Asserting?

In Canon's complaints before the ITC and in district court, it is asserting nine different U.S. patents: [9,746,826](#) (the '826 patent), [9,836,021](#) (the '021 patent), [9,841,727](#) (the '727 patent), [9,841,728](#)

Patents Asserted in Canon ITC and U.S. District Court Complaints

U.S. Patent Number	Title	Issue Date
9,746,826 (826)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	August 29, 2017
9,836,021 (021)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	December 05, 2017
9,841,727 (727)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	December 12, 2017
9,841,728 (728)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	December 12, 2017
9,841,729 (729)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	December 12, 2017
9,857,764 (764)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	January 02, 2018
9,857,765 (765)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	January 02, 2018
9,869,960 (960)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	January 16, 2018
9,874,846 (846)	Process Cartridge, Electrophotographic Image Forming Apparatus, and Electrophotographic Photosensitive Drum Unit	January 23, 2018

Source: Actionable Intelligence

(the '728 patent), [9,841,729](#) (the '729 patent), [9,857,764](#) (the '764 patent), [9,857,765](#) (the '765 patent), [9,869,960](#) (the '960 patent), [9,874,846](#) (the '846 patent). These are all relatively new Canon patents that we have not seen the firm assert previously.

All 49 defendants/respondents are accused of infringing the '826, '021, '727, '728, '765, '960, and '846 patents. A somewhat smaller group of companies are accused of infringing the '729 and '764 patents. The firms that allegedly infringed these last two patents are ACM Technologies, Apex Excel Limited, Arlington Industries, Aster Group, Bluedog Distribution; CLT Computers, EIS Office Solutions, Frontier Imaging, Garvey's Office Products, Ink Technologies Printer Supplies, Kuhlmann Enterprises, LD Products, Master Print Supplies, Online Tech Stores and Imaging Supplies Investors, Print After

Canon is asking the Commission for a general exclusion order (GEO) forbidding entry into the United States of all toner cartridges and components that infringe the asserted patents.

Print, Print-Rite, Reliable Imaging Computer Products, The Supplies Guys, World Class Ink Supply, and Zinyaw.

All the patents are on all-in-one toner cartridges including photosensitive drums. As was the case with Canon's previous litigation, the patented technologies relate in part to a "novel coupling member on the cartridge (or photosensitive drum unit), as well as other complementary aspects of the cartridge (or photosensitive drum unit)." According to Canon, the accused products in these lawsuits use various types of coupling mechanisms that infringe these patents, as shown in the exhibit below.

The accused products in the litigation include non-OEM versions of Canon's cartridge 041/041 H, cartridge 119/119 II, cartridge 120, cartridge 324 II, GPR-40, and GPR-41. Non-OEM versions of HP's CE255A/X, CE505A/X, CF226A/X, CF237A/X/Y/YC, CF280A/X, and

CF287A/X are also accused of infringing the Canon patents in suit. The cartridge 119/119 II, cartridge 120, cartridge 324 II, GPR-40, GPR-41, CE255A/X, CE505A/X, and CE280A/X are cartridges that employ Canon's dongle gears and were some of the accused products in Canon's dongle gear litigation. The HP CF226A/X, CF237A/X/Y/YC, and CF287A/X are newer JetIntelligence cartridges.

What Does Canon Want?

Canon is asking the ITC to institute a Section 337 investigation into alleged infringement of Canon's patents. The OEM is asking the Commission for a general exclusion order (GEO) forbidding entry into the United States of all toner cartridges and components that infringe the asserted patents. In the alternative, Canon is requesting a limited exclusion order (LEO) that would apply just to products of the named respondents. Canon is also asking for cease-and-desist orders that would prohibit the respondents from marketing, distributing, selling, warehousing, or importing into the United States infringing cartridges or components.

While the ITC offers powerful remedies in the form of exclusion orders, it cannot award damages. That is essentially the purpose of the parallel district court complaints. In these, Canon seeks a judgment that the various defendants has infringed the asserted patents, a preliminary and permanent injunction against the defendants, damages, attorneys' fees and court costs.

What Comes Next?

We expect to be following Canon's latest litigation for many months—possibly years. What will come next is the ITC will decide whether or not to institute an investigation. The Commission does typically institute such investigations

Accused Cartridges in Canon's February 28 U.S. Complaints

Compatible with OEM Cartridge Model	Printer Model
Canon cartridge 041/041 H	Canon imageCLASS 312x, 312i, and 312dn Canon i-SENSYS LBP312x, LBP312i, and LBP312dn
Canon cartridge 119/119 II	Canon imageCLASS LBP6300dn, LBP6650dn, LBP6670dn, MF5850dn, MF5880dn, MF5950dw, MF5960dn, MF6160dw, and MF6180dw
Canon cartridge 120	Canon imageCLASS D1120, D1150, D1170, D1180, D1320, D1350, and D1370
Canon cartridge 324 II	Canon imageCLASS LBP6780dn
Canon GPR-40	Canon imageRUNNER LBP3560 and LBP3580
Canon GPR-41	Canon imageRUNNER LBP3470 and LBP3480 Canon LASER CLASS 650i
HP CE255A/X	HP LaserJet P3010 HP LaserJet Pro MFP M521dn HP LaserJet Enterprise P3015d, P3015dn, P3015n, and P3015x HP LaserJet Enterprise 500 MFP M525f and M525dn HP LaserJet Enterprise Flow MFP M525c
HP CE505A	HP LaserJet P2033, P2033n, P2034, P2034n, P2035, P2035n, P2036, P2036n, P2037, P2037n, P2053d, P2053dn, P2053x, P2054d, P2054dn, P2054x, P2055, P2055d, P2055dn, P2055x, P2056d, P2056dn, P2056x, P2057d, P2057dn, and P2057x
HP CE505X	HP LaserJet P2053d, P2053dn, P2053x, P2054d, P2054dn, P2054x, P2055, P2055d, P2055dn, P2055x, P2056d, P2056dn, P2056x, P2057d, P2057dn, and P2057x
HP CF226A/CF226X	HP LaserJet Pro M402n, M402dn, M402dw, M426fdn, and MFP M426fdw
HP CF237A/X/Y/YC	HP LaserJet Enterprise Flow MFP M631h and M632z HP LaserJet Enterprise M607dn, M607n, M608dn, M608n, M608x, M609dn, M609x, MFP M631dn, MFP M631z, MFP M632fht, and MFP M632h
HP CF280A/X	HP LaserJet Pro 400 M401dn, M401dne, M401dw, M401n, and MFP M425dn
HP CF287A/CF287X	HP LaserJet Enterprise M506dn, M506n, MFP M527dn, and MFP M527f

Source: Actionable Intelligence



The big question is how much appetite the aftermarket firms named in these complaints have to fight Canon's allegations.

when requested, so we expect to see this happen within the coming weeks. Usually, the district court complaints will then be stayed pending the resolution of the ITC investigation. So the key thing to watch in the immediate future will be the ITC investigation, although we expect to see district court cases reopened as various parties settle and agree to permanent injunctions—as some inevitably will.

The big question is how much appetite the aftermarket firms named in these complaints have to fight Canon's

allegations. In the past, many respondents/defendants have been outspoken that their products do not infringe and have vowed to defend themselves, only to ultimately settle with Canon. It will be interesting to see if the same pattern holds true this time, or if there are any respondents/defendants willing to fight Canon's infringement claims until the end.

One thing for sure is that we will be writing about Canon's new litigation often in the months ahead.

About Actionable Intelligence

Actionable Intelligence is the leading source for news, analysis, and research on the digital printer and MFP industry and the original and third-party consumables business. Actionable Intelligence provides clients with customized research and consulting, as well as up-to-date news and strategic analysis on Action-Intell.com, the industry's leading destination site visited by tens of thousands of printer and supplies executives worldwide. Global printer OEMs, third-party supplies vendors, distributors, resellers, and a diverse mix of other companies rely on Actionable Intelligence to deliver timely and accurate information about the trends shaping the printer hardware and supplies markets. To learn more about Actionable Intelligence, visit www.action-intell.com.