

International Patent Exhaustion: Certiorari Granted in *Lexmark*

International patent exhaustion is on the Supreme Court docket for the current Term!

Today the Supreme Court granted *certiorari* to review both “*Questions Presented*” by the Petitioner in *Impression Products, Inc. v. Lexmark Intern., Inc.*, Supreme Court No. No. 15-1189. Merits briefing will now take place. It is expected that an oral argument will be scheduled for late in the current Term, including a merits decision near the end of the Term (which finishes at the end of June).

The pdf version of this note includes the *Questions Presented* by the Petitioner (as well as the rephrasing of the issues by the Justice Department, but this rephrasing was not dealt with in today’s Order.)

Regards,
Hal

“The ‘patent exhaustion doctrine’ - also known as the ‘first sale doctrine’ - holds that ‘the initial authorized sale of a patented item terminates all patent rights to that item.’ *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617, 625 (2008). This case presents two questions of great practical significance regarding the scope of this doctrine on which the *en banc* Federal Circuit divided below:

“1. Whether a ‘conditional sale’ that transfers title to the patented item while specifying post-sale restrictions on the article's use or resale avoids application of the patent exhaustion doctrine and therefore permits the enforcement of such post-sale restrictions through the patent law's infringement remedy.

“2. Whether, in light of this Court's holding in *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1363 (2013), that the common law doctrine barring restraints on alienation that is the basis of exhaustion doctrine ‘makes no geographical distinctions,’ a sale of a patented article - authorized by the U.S. patentee - that takes place outside of the United States exhausts the U.S. patent rights in that article.”

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The United States as *amicus curiae* phrased the issues as follows (but, the petition was granted only as to the questions raised by petitioner, *supra*):

“1. Whether a U.S. patent owner may invoke patent law to enforce restrictions on the use or resale of a patented article after the first authorized sale of the article in the United States.

“2. Whether and under what circumstances a U.S. patent owner may authorize the sale of a patented article in a foreign country, either under a foreign patent or otherwise in accordance with foreign law, while reserving its exclusive rights under U.S. patent law.”