

Federal Circuit to Decide Patent Exhaustion en banc

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The “first sale” doctrine provides that the “unrestricted sale of a patented article, by or with the authority of the patentee, ‘exhausts’ the patentee's right to control further sale and use of that article by enforcing the patent under which it was first sold.” [Jazz Photo Corp. v. International Trade Commission](#), 264 F.3d 1094, 1105 (Fed. Cir. 2001). But a patent is enforceable only within the country or region that issues the patent. So what happens when that first sale occurs outside of the United States?

In a case raising that issue, the Federal Circuit Court of Appeals has ordered that the initial determination of the case of [Lexmark International, Inc. v. Impression Products, Inc.](#) be made by the full court sitting en banc. The apparent cause for this unusual move is a seeming inconsistency between the United State Supreme Court’s view of the first sale doctrine as applied to the sale of a copyrighted article and the

Federal Circuit's view of the doctrine in a patent context. At issue is whether a patent owner's sale of a single-use ink cartridge outside of the United States exhausts the patent owner's rights under a United States patent, even when the sale is accompanied by a single-use license and the ink cartridge has been simply refilled by the accused infringer.

In the copyright context, the United States Supreme Court has held that a foreign first sale of an article exhausted the seller's U.S. copyright. [*Kirtsaeng v. John Wiley & Sons, Inc.*](#), 133 S. Ct. 1351 (2012). In *Jazz Photo*, the Federal Circuit held that an authorized first sale of a single-use camera outside of the United States did not exhaust rights under a United States patent on single use cameras and that importation of a refurbished camera would constitute an act of infringement.

The appellant, Impression Products, argues that the same rule must apply to the sale of a patented product and to the sale of a copyrighted article outside of the United States, and that *Jazz Photo* must be overruled. Although it is hard to forecast which cases will ultimately be decided in the Supreme Court, this is one to watch.

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