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*Impression Products, Inc. v. Lexmark Int'l, Inc.*, No. 15-1189

The doctrine of patent exhaustion holds that, after the first authorized sale of a patented article, the patent rights in that particular article are exhausted and the patentee cannot exert any further control over the article under patent law. Today, the Supreme Court held that this doctrine applies “regardless of any restrictions the patentee purports to impose or the location of the sale,” abrogating two Federal Circuit decisions from 1992 and 2001 that had respectively held that (1) patentees could avoid patent exhaustion by imposing express restrictions on the use or resale of an article at the time of the first sale; and (2) a patentee’s U.S. patent rights are not exhausted when an article is sold abroad.

First, the Court unanimously (Justice Gorsuch did not participate) held that a patentee cannot use patent law to enforce post-sale restrictions on the use or resale of an article, because any authorized first sale exhausts the patentee’s rights, irrespective of a patentee’s attempts to impose conditions on its sale of the article. In short, as the Court explained, “patent exhaustion is uniform and automatic.”

Second, the Court held 7-1 (Justice Ginsburg dissented) that a patentee’s U.S. patent rights are exhausted by the authorized sale of an article abroad. The Court held that the common-law rule against restraints on alienation of chattels, which is the basis for the patent exhaustion doctrine, is “borderless” and that U.S. patent rights are therefore exhausted by foreign sales in the same way as by domestic sales.

Mayer Brown represented the victorious petitioner, Impression Products, in this case.