



All Sales are Final

In *Impression Products, Inc. v. Lexmark International, Inc.* 581 U.S. _____(2017), the Supreme Court of the United States held that the sale of a patented item anywhere in the world exhausts all patent rights the patent holder held in that item regardless of any restrictions the patent holder placed on the sale.

A U.S. patent holder has the right to exclude others from making, using or selling the patented invention in the U.S. and the right to prevent others from importing the invention into the U.S. However, once the patent holder sells the patented invention, the patent holder no longer has these rights, and the patent holder's rights are said to be "exhausted."

Lexmark makes and sells printers and toner cartridges for those printers. Lexmark holds U.S. patents covering the toner cartridges and methods of using the cartridges. Impression is a toner cartridge "remanufacturer" that purchases spent Lexmark toner cartridges, both domestically and internationally, and refills them and resells them. To curtail this resale market and help boost its own sales, Lexmark offers toner cartridges at a discounted price if the buyer signs a contract agreeing to not sell or re-use the cartridge once spent.

Because of the patent exhaustion doctrine, Lexmark has no patent rights in its toner cartridges once sold. Notwithstanding, Lexmark sued Impression for patent infringement on the grounds that Lexmark's patent rights in the discounted cartridges were not exhausted when it sold them to buyers in the U.S. because it has restricted their sale by contract with the buyer. Further, Lexmark argued that sales outside the U.S. did not exhaust its patent rights in those cartridges arguing that the patent exhaustion doctrine does not apply to foreign sales, and thus, Impression infringed Lexmark's patent by importing those cartridges.

However, the Supreme Court found that Lexmark's sale of the discounted cartridges in the United States exhausted Lexmark's patent rights in the discounted cartridges regardless of any restrictions on the sale. Further, the Supreme Court held that Lexmark's sale of cartridges abroad also exhausted its patent rights in those cartridges, and therefore Lexmark no longer had the right to exclude Impression from importing them. Thus, any sale of a patented item, domestically or internationally, regardless of any restriction on that sale, exhausts all patent rights in that item.

In drafting patent claims, we at Wood Phillips stay abreast of the current law to ensure that our clients' rights are protected. If you have questions about the scope of the rights available to protect your invention please contact an attorney at Wood Phillips.