

The Naples Roundtable, Phoenix Issue III (February 15, 2016)

“Is innovation well served by the limitation on international patent exhaustion reflected in the result in *Jazz Photo*? (Cf. *Lexmark* on the way to the Supreme Court.) To what extent do notions of copyright exhaustion shed light on issues of patent exhaustion?”

Panelists: The Hon. Roger Hughes, Prof. Dr. Heinz Goddar, Otto Licks, Dr. Shoichi Okuyama, Harold C. Wegner (moderator).

Conference papers: <https://www.thenaplesroundtable.org/papers-2/>.

“Patent Exhaustion”: First sale of a patented product “exhausts” the patent right, removing the patent as a basis to exclude further alienability of the sold product.

“International Patent Exhaustion” is exhaustion based upon a first sale *outside* the territory of a subsequent sale, a doctrine denied under *Jazz Photo* (Fed. Cir. 2001)

“International Copyright Exhaustion” *does* exist under *Kirtsaeng* (S.Ct. 2013).

Lexmark (awaiting en banc decision at the Federal Circuit) questions whether *Jazz Photo* remains viable in view of *Kirtsaeng*.

If *Lexmark* sustains *Jazz Photo* will the Supreme Court grant *certiorari*?

Impact on Pharma: If *Jazz Photo* is overruled, international patent exhaustion would be a viable commercial model for resale pharmaceuticals because there is a huge price differential between patent-controlled sales in the United States vs. first sales prices in a developing country *coupled with* de minimis transportation costs. (Cf. sales of patented “steel bricks” with a low price differential and a very high transportation cost.)

Impact on Developing Countries: Should a developing country have a right to establish a regime of international patent exhaustion?

HCW

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