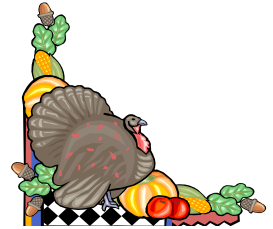




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Happy Thanksgiving!



“Tip of the Month”

Patent Exhaustion – What is It?

A patent gives a patent owner the right to exclude others from making, using, selling, offering for sale, or importing into the U.S. the patented invention during the term of the patent. This promotes the progress of science by providing inventors the incentive to invest their time, labor and funds in researching and developing innovative technology.

The exhaustion doctrine is a U.S. common law patent doctrine that developed in the courts in the late 19th century. When a patent owner receives compensation for the use of his/her invention through the sale of a patented product, the patent owner’s rights to exclude others are exhausted; meaning that patent law provides no basis for restraining the use and enjoyment of the product sold.

Since its development in the late 19th century, the patent exhaustion doctrine has raised questions regarding the scope of exclusive rights granted by patents and the extent to which a patent owner can control downstream use and sales of patented articles.

The exhaustion doctrine is triggered only by a sale authorized by the patent holder. This appears simple to identify, however, it can be difficult to determine whether the exhaustion doctrine is triggered. For instance, a sale authorized by the patent holder can be a complex factual question. If the sale was authorized but was accompanied by various restrictions, the restrictions may not be valid and recognized under the law.

In another scenario, the exhaustion doctrine may not be triggered when the patent holder sells an incomplete article. Under this scenario, the doctrine is triggered only if the incomplete article’s only reasonable and intended use was to practice the patent and it embodies essential features of the patented invention.

In still another scenario, a field-of-use limitation may not trigger the doctrine. For example, a licensee’s sale to a purchaser of the licensee’s rights in the patent exhausts only the patentee’s rights to restrict use and resale when the field-of-use limitations have not been exceeded or violated. Under this scenario, the violation makes the sale unauthorized for the purposes of the exhaustion doctrine.

Post-sale restriction is the most difficult scenario and an unsettled area of law regarding the exhaustion doctrine. A post-sale restriction is one that restricts the use or sale of the patented article once purchased and in the hands of an end user. An example of a post-sale restriction is a ‘single use’ restriction. This type of restriction is also called a conditional license. It remains unclear to what extent a patent owner can use a conditional license to impose restrictions on downstream purchasers.

If you have questions about the patent process or about your existing patents or any related licenses, the IP attorneys of Mesmer & Deleault can help you. Please contact the attorneys at Mesmer & Deleault, PLLC by calling 603-668-1971 or contacting us by email at *mailbox @ biz-patlaw.com*.

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