TRIPS—Article 27—Patentable Subject Matter

1. Subject to the provisions of paragraphs 2 and 3, **patents shall be available for any inventions**, whether products or processes, in all fields of technology, **provided that they are new**, **involve an inventive step** and are capable of industrial application. Subject to [the transitional provisions relating to developing countries and patent protection for pharmaceutical and agricultural products], patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.

. . . .

Statement of the U.S.A.

In the TRIPS Agreement there is "no prescription as to how WTO Members define what inventions are to be considered 'new' within their domestic systems."

U.S. Patent Code, 35 U.S.C. § 102

§ 103. Conditions for patentability; non-obvious subject matter.

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

. . . .

EPC—Article 56—Inventive Step

An invention shall be considered as involving an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art. If the state of the art also includes documents within the meaning of Article 54, paragraph 3, these documents are not to be considered in deciding whether there has been an inventive step.

EPC—Article 54—Novelty

(3) Additionally, the content of European patent applications as filed, of which the dates of filing are prior to the date referred to in paragraph 2 and which were published under Article 93 on or after that date, shall be considered as comprised in the state of the art.

TRIPS—Article 28—Rights Conferred

1. **A patent shall confer** on its owner the following exclusive rights:

   (a) where the subject matter of a patent is a product, to prevent third parties not having the owner's consent from the acts of: making, using, offering for sale, selling, or importing for these purposes that product;

   (b) where the subject matter of a patent is a process, to prevent third parties not having the owner's consent from the act of using the process, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.

2. **Patent owners shall also have the right** to assign, or transfer by succession, the patent and to conclude licensing contracts.

U.S. Patent Code, 35 U.S.C. § 271(f)(1)

Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

U.S. Patent Code, 35 U.S.C. § 271

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

...

(i) As used in this section, an "offer for sale" or an "offer to sell" by a person other than the patentee, or any designee of the patentee, is that in which the sale will occur before the expiration of the term of the patent.

TRIPS—Article 6—Exhaustion

For the purposes of dispute settlement under this Agreement, subject to the provisions of Articles 3 [national treatment] and 4 [most-favored nation] nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.

EC Treaty Article 30 (now 28)

Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States.

EC Treaty Article 36 (now 30)

The provisions of Articles [30] [now 28] and 29 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

Problem 3–17

Zenos, a multi-national electronics company that holds U.S. and European patents, sells two large shipments of its patented product, and expensive and highly advanced digital camera, to a distributor in the U.S. and to a distributor in Germany. The sales contracts for both shipments contain a clause prohibiting the sale of the cameras to low priced discount stores and street markets.

The U.S. distributor subsequently sells the cameras to discount stores in the United States. The distributor in Germany sells the camera to discount stores throughout the European Union.

Zenos objects to the sales in discount stores in the U.S. and the EU as it believes that such sales will hurt the image of Zenos's camera as an expensive item reserved for the upper end of the market.

Can Zenos prevent these sales?