
THE LEGALITY AND IMPACT OF PARALLEL IMPORTATION ON PATENT RIGHTS IN GLOBAL TRADE

Deepshikha Ramesh Ughade, Maharashtra National Law University, Mumbai

ABSTRACT

Parallel importation is the unauthorized importation of genuine patented goods into a country without the patent holder's consent which remains one of the most debated intersections between intellectual property rights and international trade. The issue embodies a legal tension between the doctrine of patent exhaustion and the need for global market integration. The study analyses the doctrine of exhaustion of patent rights, with particular emphasis on national, regional, and international exhaustion regimes. It evaluates the extent to which international instruments, especially the TRIPS Agreement, permit member states to adopt divergent approaches to parallel importation. By examining judicial decisions and statutory provisions across key jurisdictions, the paper highlights how differing exhaustion models affect patentees' control over distribution, pricing strategies, and market segmentation. Proponents argue that permitting parallel imports promotes competition, consumer welfare, and price parity in developing nations. Critics, however, assert that it undermines patent exclusivity, discourages innovation, and complicates enforcement mechanisms. This paper examines the legality and implications of parallel importation on patent rights within the global trade framework, analyzing international agreements such as the TRIPS Agreement, WTO jurisprudence, and comparative national laws. Through doctrinal and policy analysis, the study explores whether harmonization of exhaustion regimes can strike a balance between protecting patent rights and ensuring equitable access to patented goods worldwide.

Keywords: Patent, jurisdictions, doctrine, international trade, enforcement

1. INTRODUCTION

The globalization of markets and the liberalization of international trade have fundamentally reshaped the contours of intellectual property (IP) law. Among the most debated intersections of trade and intellectual property is the doctrine of parallel importation which refers to the importation of genuine goods, lawfully marketed abroad, without the authorization of the domestic right holder.¹ The legal question surrounding parallel importation centers on the “exhaustion of rights” principle, which determines whether and when a patentee’s exclusive rights are extinguished after the first authorized sale of a patented product. This issue carries profound implications for innovation, consumer welfare, access to technology, and the global trading system.²

Parallel importation is not inherently unlawful; it arises because IP rights are territorial, while trade and distribution networks are increasingly global. A product legitimately placed in one jurisdiction may be imported into another where the right holder has priced the product higher, generating opportunities for arbitrage. The legal status of such imports depends on the domestic exhaustion regime whether a state recognizes national, regional, or international exhaustion.³

The Agreement on Trade-Related Aspects of Intellectual Property Rights left the issue of exhaustion unresolved, reflecting a conscious decision by negotiators to preserve national autonomy. Article 6 of TRIPS provides that disputes regarding exhaustion of rights shall not be subject to WTO dispute settlement, thereby granting member states discretion to adopt policies that best serve their economic and developmental interests. This flexibility, however, has resulted in legal fragmentation.⁴

The lack of harmonization creates a complex global landscape where multinational patent holders, importers, and consumers operate under inconsistent rules. From a patent holder’s perspective, parallel importation erodes territorial exclusivity and undermines price discrimination strategies that enable differential pricing across markets. From a consumer and public policy perspective, it promotes price competition and accessibility, particularly for essential goods like medicines. This duality has sparked extensive legal, economic, and ethical

¹ Kriti Singh, *Patent law and practice parallel imports and its effect on access to medicine*, 6 IJAP, 183, (2020).

² WIPO, Draft reference document on the exception regarding the exhaustion of patent rights (2022).

³ Carlos M. Correa, *Trade-Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement*, ACADEMIC, 210, 211 (2020).

⁴ Article 6, Agreement on Trade-Related Aspects of Intellectual Property Rights, (1994).

debate. The pharmaceutical sector vividly illustrates the stakes of this debate. In developing countries, parallel imports offer a mechanism to obtain life-saving medicines at lower prices, challenging the moral legitimacy of rigid patent enforcement.⁵

In the context of global trade, parallel importation has far-reaching consequences. It influences market segmentation, pricing strategies, and innovation incentives. While consumer welfare and access arguments favor international exhaustion, the protection of R&D-driven industries and regulatory consistency often justify national or regional exhaustion. The challenge lies in developing a balanced legal framework that respects patent rights while promoting equitable access to technology and essential goods.⁶ This paper critically examines the legality and impact of parallel importation on patent rights in global trade, tracing its legal evolution, comparing national approaches, analyzing its economic and policy effects, and proposing reforms for a coherent international regime. Through a blend of doctrinal, comparative, and policy analysis, it argues that a context-sensitive and pluralistic exhaustion model tailored to the nature of industries and developmental priorities offers the most sustainable equilibrium between innovation and access in the global economy.

2. DOCTRINE OF EXHAUSTION

The doctrine of exhaustion, also known as the first sale doctrine, lies at the heart of the debate surrounding parallel importation. It determines the extent to which an intellectual property right holder such as a patentee can control the distribution and resale of a product after its first authorized sale. The doctrine essentially holds that once a patented product has been sold by or with the consent of the patentee, the exclusive rights in that particular item are “exhausted.” Consequently, the patentee cannot prevent further resale, use, or importation of that product.⁷ This principle ensures a balance between the patentee’s exclusive rights and the public’s interest in the free movement of goods in commerce. The exhaustion doctrine rests on both legal and economic rationales. Legally, it prevents a right holder from double-dipping that is, asserting control or demanding royalties multiple times over the same patented product. Economically, it promotes the free flow of goods, facilitates secondary markets, and prevents monopolistic practices that could hinder competition and raise consumer prices. However, the territorial nature of patents complicates this doctrine in international trade, as the place of first

⁵ William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law*, 365, 367 (2003).

⁶ *Id.*

⁷ WIPO, *Intellectual Property Handbook: Policy, Law and Use* 223, 225 (2019).

sale often dictates the extent of exhaustion. This has given rise to three main forms of exhaustion regimes: national, regional, and international exhaustion.⁸

A. International Exhaustion

International exhaustion occurs when the patentee's rights are exhausted globally after the first authorized sale, regardless of the country in which that sale occurs. Under this system, the right holder cannot object to the importation of genuine goods sold abroad with their consent. This approach promotes parallel importation, consumer access, and price competition. India adopts the international exhaustion principle under Section 107A(b) of the Patents Act, 1970, which permits the importation of patented goods from abroad if they were lawfully sold with the consent of the patentee.⁹ In *Samsung Electronics Co. v. Kapil Wadhwa*, the Delhi High Court affirmed this position, holding that genuine products imported without the authorization of the Indian distributor but with the global patentee's consent were permissible parallel imports.¹⁰

B. National Exhaustion

Under national exhaustion, the rights of the patent holder are considered exhausted only within the domestic territory where the first sale occurs. If a patented product is first sold abroad, the right holder can still restrict its importation into the domestic market. The rationale is to preserve the patentee's territorial exclusivity and control over pricing strategies across jurisdictions. The United States historically followed this approach until the early 21st century. For instance, in *Boesch v. Graff*, the U.S. Supreme Court held that the sale of a patented product in Germany did not exhaust the patent rights in the United States because the sale was not authorized by the U.S. patentee.¹¹

C. Regional Exhaustion

Under regional exhaustion, the patent holder's rights are exhausted within a defined regional market, but not beyond it. The European Union (EU) is the most prominent example of this model. Once a product is placed on the market within the European Economic Area (EEA) by or with the consent of the right holder, it can freely circulate within that region. However, goods

⁸ *supra* note at 5.

⁹ Section 107 A (b) of the Patents Act, 1970.

¹⁰ *Samsung Elecs. Co. v. Kapil Wadhwa*, (188) D.L.T. 349 (2012).

¹¹ *Boesch v. Graff*, 133 U.S. 697 (1890).

placed outside the EEA cannot be imported without the consent of the right holder.¹²

3. CHALLENGES IN PARALLEL IMPORTATION

- a. **Lack of Global Harmonization:** The most significant challenge is the absence of a uniform international standard governing the doctrine of exhaustion of rights. Countries adopt different approaches national, regional, or international exhaustion creating legal uncertainty and inconsistent outcomes in cross-border trade disputes.¹³
- b. **Conflict Between Patent Rights and Free Trade:** Parallel importation challenges the exclusive nature of patent rights, as it allows the resale of patented goods without authorization, thereby reducing market exclusivity and weakening the economic incentive for innovation.¹⁴
- c. **Erosion of Differential Pricing Strategies:** Patent holders, especially in sectors such as pharmaceuticals and electronics, employ differential pricing to ensure affordability across markets. Parallel importation disrupts these strategies, leading to price convergence and reduced willingness to offer lower prices in developing economies.¹⁵
- d. **Economic Arbitrage and Market Distortions:** Arbitrage opportunities arise when low-priced goods from developing countries are resold in high-priced markets. While beneficial for traders and consumers in wealthier nations, it may discourage companies from offering discounted prices globally, negatively impacting access in low-income regions.¹⁶
- e. **Quality Control and Consumer Safety Risks:** Parallel imports often bypass authorized distribution channels, raising risks of counterfeit, expired, or substandard products. This is particularly critical in the pharmaceutical and health sectors, where consumer safety is paramount.¹⁷
- f. **Regulatory and Enforcement Challenges:** Governments face difficulties in designing

¹² *supra* note at 1.

¹³ Rochelle Dreyfuss, *Patents and Trade: The Exhaustion Problem*, 12 J. Intell. Prop. L., 321 (2005).

¹⁴ *Id.*

¹⁵ Keith E. Maskus, *Parallel Imports in Pharmaceuticals: Implications for Competition and Prices in Developing Countries*, World Bank Policy Research Working Paper No. 5381 (2010).

¹⁶ *Id.*

¹⁷ *supra* note at 10.

effective regulations that balance patent protection with consumer welfare. Weak enforcement mechanisms in developing countries further aggravate the problem, allowing grey market activities to flourish.¹⁸

- g. Impact on Innovation and R&D Investment:** The uncertainty created by parallel imports can lead to lower expected returns on innovation, discouraging investment in research and development (R&D), particularly for high-cost patented products.¹⁹

4. COMPARATIVE ANALYSIS: USA, EU AND INDIA

Globally, the approach to parallel importation is largely determined by how jurisdictions interpret the doctrine of patent exhaustion, which defines the point at which the patent holder's control over the product ends. The legal position on parallel importation varies significantly among jurisdictions such as the United States, India, and the European Union, reflecting differing policy priorities between market liberalization and innovation protection.²⁰

A. UNITED STATES OF AMERICA

The United States has evolved from a historically territorial approach toward a more liberal, international exhaustion model following significant judicial developments. Under U.S. patent law, once a patented product is sold by or with the authorization of the patentee, the patentee's rights in that particular item are considered exhausted, preventing further control over its resale or importation.²¹

Earlier, the Federal Circuit had taken a restrictive stance in *Jazz Photo Corp. v. International Trade Commission*, holding that foreign sales did not exhaust U.S. patent rights unless explicitly authorized by the patentee.²² This stance was overruled in the landmark case *Impression Products, Inc. v. Lexmark International, Inc.* which fundamentally shaped the U.S. approach. In this 2017 decision, the Supreme Court held that an authorized sale, whether domestic or international, exhausts all patent rights in the item sold, regardless of any post-sale restrictions. The Court emphasized that patent law does not give patentees control over the subsequent use or resale of their products after a legitimate sale, even outside the U.S.

¹⁸ *supra* note at 7.

¹⁹ *Id.*

²⁰ *supra* note at 17.

²¹ *Id.*

²² *Jazz Photo Corp. v. Int'l Trade Comm'n*, 264 F.3d 1094 (2001).

borders.²³

This shift was driven by the principle of free movement of goods and the common law hostility to restraints on alienation. The decision aligns with the U.S.'s broader economic philosophy of promoting secondary markets and consumer welfare. However, critics argue that it may undermine differential pricing strategies in global trade, particularly in sectors like pharmaceuticals where firms rely on regional price discrimination to recoup R&D costs.²⁴ Despite this, the U.S. system now firmly supports parallel importation of patented goods sold abroad by or with the consent of the patentee.

B. EUROPEAN UNION

The European Union (EU) follows a regional exhaustion regime, situated between the strict territoriality of early patent laws and the liberal approach of the U.S. and India. Under this doctrine, once a patented product is placed on the market within the European Economic Area (EEA) by the patent holder or with their consent, the patent rights are exhausted throughout the EEA but not beyond it.²⁵

The seminal case *Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handelsgesellschaft mbH* established that EU law does not recognize international exhaustion; only exhaustion within the EEA applies. The European Court of Justice (ECJ) held that permitting parallel imports from outside the EEA would undermine the goal of market harmonization and uniform IP enforcement across member states.²⁶ This principle was reaffirmed in *Sebago Inc. v. GB-Unic SA and Pharmacia & Upjohn SA v. Paranova A/S*, which clarified that goods marketed outside the EEA cannot be imported without the patentee's consent.²⁷

The Directive 2008/95/EC on trademarks and Regulation (EU) 2017/1001 on the EU trademark similarly reflect the regional exhaustion rule, emphasizing the EU's policy goal of maintaining market integration while preserving control over external trade boundaries.²⁸ The parallel

²³ *Impression Products, Inc. v. Lexmark Int'l, Inc.*, 581 U.S. 152 (2017).

²⁴ F.M. Scherer, *The Economics of Patent Protection and Parallel Trade in Pharmaceuticals*, Harvard Kennedy Sch. Working Paper (2017).

²⁵ Annette Kur & Thomas Dreier, *European Intellectual Property Law: Text, Cases and Materials*, 289, 92 (2019).

²⁶ *Silhouette Int'l Schmied GmbH & Co. KG v. Hartlauer Handelsgesellschaft mbH*, Case C-355/96 (1998).

²⁷ *Sebago Inc. v. GB-Unic SA*, 1999 E.C.R. I-4103; *Case C-379/97, Pharmacia & Upjohn SA v. Paranova A/S*, Case C-173/98 (1999).

²⁸ Directive 2008/95/EC, 2008 O.J. (L 299) 25; Regulation (EU) 2017/1001, 2017 O.J. (L 154) 1.

importation of pharmaceuticals within the EEA is permitted under specific conditions, subject to regulatory approval and relabeling requirements, as seen in the ECJ's decision in *Bristol-Myers Squibb v. Paranova A/S*.²⁹ While the EU's regional exhaustion fosters market integration within the EEA, it creates challenges for global trade, especially for developing countries seeking affordable access to European patented products. Critics argue that the absence of international exhaustion maintains artificial price segmentation and restricts global access to technology.³⁰

From the above comparison, it can be stated that while the U.S. and India promote open markets and price competition, the EU emphasizes harmonization and internal cohesion. The policy divergence reflects varying developmental contexts like India's prioritization of access and affordability, the U.S.'s focus on consumer markets, and the EU's concern for internal regulatory uniformity. From a global perspective, this lack of harmonization poses challenges for multinational enterprises, parallel traders, and consumers. The absence of a uniform exhaustion regime under the TRIPS Agreement perpetuates legal uncertainty and market segmentation, hindering the formation of a truly integrated global market for patented goods.

C. INDIA

India adopts a comparatively progressive stance toward parallel importation, explicitly recognizing international exhaustion under its domestic patent law. Section 107A(b) of the Patents Act, 1970 permits the importation of a patented product from a person who is "duly authorized under the law to produce and sell or distribute the product."³¹ This provision clearly reflects India's policy orientation toward balancing patent rights with public interest and access to technology. The legislative intent behind Section 107A(b) was to prevent patentees from controlling global market channels and to allow Indian consumers access to genuine patented goods at competitive prices. The Parliamentary Standing Committee Report emphasized that this provision was necessary to prevent "abuse of patent monopolies" and ensure "reasonable availability of products."³²

Indian courts have also interpreted this provision in a manner that supports international

²⁹ *Bristol-Myers Squibb v. Paranova A/S*, E.C.R. I-3457 (1996).

³⁰ Thomas Cottier & Marcel Oesch, *International Trade Regulation: Law and Policy in the WTO, the EU and Switzerland*, 231–33 (2014).

³¹ *supra* note at 9.

³² Rajya Sabha Standing Comm. on Commerce, 94th Report on the Patents (Second Amendment) Bill (1999).

exhaustion. In *Warner Bros. Entertainment Inc. v. Santosh V.G.*, although the case concerned copyright, the Delhi High Court recognized the principle that once goods are lawfully sold abroad, the right holder cannot prevent their importation into India.³³ Scholars such as N.S. Gopalakrishnan and Prabuddha Ganguli have argued that this reasoning applies equally to patents, as the statutory framework leaves little room for a restrictive interpretation.³⁴ Moreover, India's approach aligns with its obligations under the TRIPS Agreement, particularly Article 6, which leaves the issue of exhaustion to the discretion of member states. India's stance also reflects the Doha Declaration on TRIPS and Public Health (2001), which affirms the right of WTO members to use measures like parallel importation to protect public health and promote access to medicines.³⁵

From a policy perspective, India's adoption of international exhaustion supports consumer welfare, market competition, and access to affordable technology objectives that are crucial in a developing economy. However, critics note that this approach could disincentivize multinational patent holders from introducing new technologies in India due to fears of market arbitrage.³⁶ Nonetheless, the statutory framework prioritizes public interest and access over monopolistic control, making India one of the few jurisdictions to explicitly legalize international parallel imports.

5. IMPACT OF PARALLEL IMPORTATION ON PATENT HOLDERS AND GLOBAL TRADE

Parallel importation, as a legal mechanism facilitating the cross-border movement of legitimately manufactured patented goods, exerts profound implications on global trade, intellectual property policy, and innovation dynamics. Its influence extends beyond traditional IP discourse to encompass economic equity, market competition, consumer welfare, and international regulatory coherence. The doctrine of patent exhaustion, which underlies parallel importation, determines whether a patentee's exclusive rights are terminated after the first authorized sale and thus shapes the scope of control that patent holders can exercise over

³³ *Warner Bros. Ent. Inc. v. Santosh V.G.*, SCC OnLine Del 3219 (2009).

³⁴ N.S. Gopalakrishnan, "Parallel Imports and International Exhaustion of Rights under Indian Law," *J. Intell. Prop. Rts.* 15 (2010).

³⁵ Doha Declaration on the TRIPS Agreement and Public Health, WT/MIN(01)/DEC/2 (2001).

³⁶ *supra* note at 3.

international commerce.³⁷

A. Impact on Patent Holders

From the perspective of patent proprietors, parallel importation presents a dual-edged challenge: it undermines market segmentation strategies but simultaneously promotes more efficient global distribution systems. Patent holders traditionally rely on territorial differentiation charging varying prices across markets to maximize returns while ensuring affordability in price-sensitive regions. This strategy, often known as price discrimination, allows innovators to recoup high research and development (R&D) expenditures while expanding global access to technology and pharmaceuticals.

However, under international exhaustion regimes such as those adopted in the United States and India patentees lose control over subsequent resale and importation once an authorized sale has occurred. Consequently, parallel traders can import lower-priced goods from markets where products are sold cheaply, disrupting patentees' pricing structures in high-income markets. This phenomenon is particularly pronounced in sectors like pharmaceuticals, where price differences between developed and developing countries are substantial.³⁸

Nevertheless, the impact is not uniformly negative. Parallel importation compels firms to adopt more efficient pricing and distribution strategies, thereby enhancing market transparency and consumer trust. It also reduces the incentive for gray market exploitation and counterfeit trade, as legitimate goods circulate through recognized import channels. Furthermore, patent holders in competitive industries may benefit from wider global dissemination of their technologies, leading to greater brand recognition and ancillary demand for complementary products.

B. Impact on Consumers and Market Competition

For consumers, parallel importation typically yields significant welfare gains. The importation of genuine patented goods from lower-priced markets enhances affordability, increases product availability, and fosters competition among authorized distributors. This effect is especially critical in developing economies, where patent-protected goods such as medicines, agricultural products, and electronic devices are often priced beyond the reach of average consumers.

³⁷ *supra* note at 1.

³⁸ *Id.* at 2.

The World Health Organization (WHO) and World Trade Organization (WTO) have recognized that parallel importation contributes to public health objectives, particularly by improving access to essential medicines in low- and middle-income countries. The Doha Declaration on the TRIPS Agreement and Public Health (2001) explicitly affirms members' rights to adopt measures such as parallel importation to ensure access to life-saving drugs.³⁹

In India, the policy of international exhaustion has enhanced access to affordable patented medicines. For example, parallel imports of antiretroviral drugs used in HIV treatment have played a critical role in lowering treatment costs and improving healthcare outcomes. Similarly, in Africa and Southeast Asia, parallel importation of medical technologies from countries like India and Thailand has strengthened local health infrastructure and reduced dependency on multinational pricing.⁴⁰

C. Impact on Global Trade Dynamics

At a macroeconomic level, parallel importation contributes to the liberalization of international trade by facilitating the movement of genuine goods across borders without the artificial constraints of territorial IP rights. It promotes efficiency, transparency, and predictability in cross-border commerce, supporting the World Trade Organization's (WTO) objectives of reducing trade barriers.⁴¹

However, the absence of a uniform global standard on exhaustion creates regulatory uncertainty. The TRIPS Agreement, under Article 6, deliberately leaves the issue of exhaustion to the discretion of member states, resulting in divergent national regimes international exhaustion (U.S., India), regional exhaustion (EU), and national exhaustion (Japan, Brazil).¹⁰ This fragmentation complicates global supply chains and creates trade friction among countries with conflicting policies.⁴²

Moreover, the rise of e-commerce and digital trade amplifies these challenges. Parallel importation in the digital context such as the resale of patented software or digital goods—raises questions about whether “first sale” doctrines apply to intangible items. Jurisdictions

³⁹ *supra* note at 3.

⁴⁰ *Id.* at 2.

⁴¹ *supra* note at 41.

⁴² *Id.*

have yet to establish clear norms for digital exhaustion, leaving gaps that could impact online trade and cross-border licensing.

6. RECOMMENDATIONS

The evolving dynamics of global trade and intellectual property necessitate a nuanced approach to parallel importation that balances patent protection, innovation incentives, and public welfare. While the principle of exhaustion of rights aims to promote fairness and efficiency, divergent national practices have created uncertainty and economic friction. The following recommendations are proposed to harmonize legal standards and strengthen the equitable operation of parallel importation across jurisdictions.

- **Adopt calibrated international exhaustion:** Permit parallel importation of genuine patented goods, reserving narrow, evidence-based carve-outs for safety-critical contexts, and ensure any restriction satisfies necessity and proportionality under WTO disciplines rather than default bans.⁴³
- **Clarify “duly authorized” in India:** Issue interpretive guidance or amend Section 107A(b) to define acceptable proof (invoices, license excerpts, regulator approvals), create a rebuttable presumption for sales by affiliates/licensees, and a good-faith due-diligence safe harbor for importers.⁴⁴
- **Harmonize with trademark and consumer law:** Enact statutory safe harbors for genuine parallel imports conditioned on clear disclosures about warranty, service networks, and material differences, limiting trademark claims to likely confusion or impaired quality control.⁴⁵
- **Build authenticity infrastructure:** Implement light-touch track-and-trace (serialization, tamper-evident seals) and a digital registry where importers file origin and authorization evidence, enabling rapid verification by customs and right holders

⁴³ GRAHAM DUTFIELD & UMA SUTHERSANEN, *GLOBAL INTELLECTUAL PROPERTY LAW* 142 (Edward Elgar 2008).

⁴⁴ *Id.*

⁴⁵ Daniel Gervais, *The Application of the Exhaustion Doctrine to Digital Goods*, 24 *Fordham Intell. Prop. Media & Ent. L.J.* 1 (2014).

without creating de facto barriers.⁴⁶

- **Calibrate customs practice:** Distinguish genuine parallel imports from counterfeits via clear SOPs; require prima facie evidence before detention, time-bound review, and bond options to avoid chilling lawful trade.⁴⁷

7. CONCLUSION

Parallel importation is ultimately a question of how far patent exhaustion travels across borders, with TRIPS Article 6 permitting diverse national choices while broader WTO disciplines continue to police disproportionate trade restrictions on genuine goods. The comparative picture crystallizes around three anchor models: U.S. international patent exhaustion after *Lexmark*, which forecloses patent-based control over resale and importation following any authorized sale; EU regional exhaustion, which ensures internal free movement but preserves external barriers; and India's authorization-based gateway under Section 107A(b), oriented toward access yet hampered by evidentiary ambiguity and overlap with trademark and consumer-protection rules. These designs represent different equilibria between arbitrage-driven price discipline and appropriability for innovation, with sectoral contexts especially medicines shaping realized welfare and necessitating calibrated quality and safety safeguards.

For India, clarifying what counts as "duly authorized," standardizing customs SOPs to distinguish genuine from counterfeit goods, and adopting disclosure templates to neutralize material-difference claims would reduce litigation risk and enhance consumer transparency within TRIPS flexibility. Where full international exhaustion is contested, a "controlled international exhaustion" pathway triggered by sustained price gaps, shortages, or refusal to supply, with sunset and review clauses can reconcile access with innovation and maintain proportionality over time. In sum, a principled, data-driven exhaustion policy that privileges authenticity, transparency, and competition-compliant distribution best aligns global trade in genuine patented goods with consumer welfare and sustainable innovation.

⁴⁶ CHRISTOPHER HEATH, PARALLEL IMPORTS IN ASIA-PACIFIC: A GLOBAL PERSPECTIVE 8 (Kluwer Law Int'l 2017).

⁴⁷ *supra* note at 34.