

SUPREME COURT OF THE UNITED STATES

IN THE SUPREME COURT OF THE UNITED STATES

HELFINN HEALTHCARE S.A.,)
)
) Petitioner,)
)
) v.) No. 17-1229
)
TEVA PHARMACEUTICAL USA, INC.,)
)
ET AL.,)
)
) Respondents.)

Pages: 1 through 63

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 4 Petitioner,)
 5 v.) No. 17-1229
 6 TEVA PHARMACEUTICAL USA, INC.,)
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10 Washington, D.C.

11 Tuesday, December 4, 2018

12

13 The above-entitled matter came on for oral
 14 argument before the Supreme Court of the United States
 15 at 11:05 a.m.

16

17 APPEARANCES:

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 19 behalf of the Petitioner.

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 21 Department of Justice, Washington, D.C.; for
 22 the United States, as amicus curiae,
 23 supporting the Petitioner.

24 WILLIAM M. JAY, ESQ., Washington, D.C., on behalf
 25 of the Respondents.

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1 P R O C E E D I N G S

2 (11:05 a.m.)

3 CHIEF JUSTICE ROBERTS: We'll hear
4 argument next in Case 17-1229, Helsinn
5 Healthcare versus Teva.

6 Mr. Shanmugam.

7 ORAL ARGUMENT OF KANNON K. SHANMUGAM

8 ON BEHALF OF THE PETITIONER

9 MR. SHANMUGAM: Thank you, Mr. Chief
10 Justice, and may it please the Court:

11 In the America Invents Act, Congress
12 transformed the nation's patent laws. As part
13 of its shift from a first-to-invent to a
14 first-to-file system, Congress revised the
15 definition of "prior art" and clarified the
16 proper understanding of the phrase "on sale."

17 The on-sale bar, like the other bars
18 in the definition, reaches only a disclosure
19 that makes the claimed invention available to
20 the public. That interpretation is consistent
21 with the plain text of the definition and its
22 legislative history. It's consistent with the
23 predominant objective of the on-sale bar as
24 repeatedly articulated by this Court; namely,
25 to preserve the public's access to inventions

1 that have entered the public domain.

2 CHIEF JUSTICE ROBERTS: Well, it might
3 not be consistent with the actual meaning of
4 the word "sale," though, right?

5 MR. SHANMUGAM: The critical phrase --

6 CHIEF JUSTICE ROBERTS: If you're
7 having -- if you're -- if something's on sale,
8 it doesn't have to be on sale to everybody. It
9 could be just I'm going to sell something to
10 you.

11 MR. SHANMUGAM: Well, the critical
12 phrase, Mr. Chief Justice, is not "sale." It
13 is "on sale." And I do think that the more
14 natural understanding of "on sale" is that
15 something has been made available for purchase
16 by the public.

17 And so, for instance, if after this
18 argument in the lawyers lounge I turn to my
19 friend, Mr. Jay, and I say, I see that you
20 didn't bring a coat today, I'll sell you my
21 coat for \$5, I'm not sure that that would be
22 putting my coat on sale in the same way that it
23 would be if I turned around to the audience and
24 said I'll sell this coat to the highest bidder.

25 JUSTICE KAVANAUGH: Why not? I don't

1 -- and if it's sold, it's pretty hard to say
2 something that has been sold was not on sale.

3 MR. SHANMUGAM: I think that the
4 concept of "on sale," Justice Kavanaugh,
5 conveys some sense of broader availability or,
6 at a minimum, that there's some ambiguity about
7 that.

8 That is to say, I think I'm willing to
9 recognize that perhaps you could make the
10 argument that even offering something privately
11 to one person could be said to be putting
12 something on sale.

13 Our view as a textual matter is that
14 to the extent that there's any ambiguity --

15 JUSTICE KAVANAUGH: Isn't it always
16 the case that if you offer it to even one
17 person or to a small group of people, it's on
18 sale?

19 MR. SHANMUGAM: I think that I
20 would --

21 JUSTICE KAVANAUGH: I -- I guess I'm
22 not understanding that.

23 MR. SHANMUGAM: I think I would say,
24 Justice Kavanaugh, that something can be on
25 sale regardless of how widely it is, in fact,

1 sold. So, for instance, if you put something
2 in the shop window and no one, in fact, wants
3 to buy it and no one, in fact, buys it, it can
4 still be on sale.

5 But, again, to the extent that there
6 is any doubt about the phrase "on sale" in
7 vacuo, I think that that doubt probably was
8 eliminated before the AIA by the surrounding
9 phrases, all of which, by Respondents'
10 recognition, convey some notion of public
11 availability.

12 And then any lingering doubt was
13 completely removed by the inclusion of the
14 catch-all phrase "in the AIA."

15 JUSTICE BREYER: You said that the
16 opinions of this Court support you, but, of
17 course, you know perfectly well is you have --
18 we only have Justice Story, Learned Hand, and I
19 guess various others, maybe John Marshall for
20 all I know, who -- who -- who said that that
21 isn't the sole purpose, that the purpose of
22 this on-sale rule including private sales is to
23 prevent people from benefiting from their
24 invention prior to and beyond the 20 years that
25 they're allowed.

1 MR. SHANMUGAM: Justice --

2 JUSTICE BREYER: And -- and that's --
3 so I read that, I had my clerk look it up,
4 seems right.

5 MR. SHANMUGAM: Justice Breyer,
6 Respondents' whole argument before this Court,
7 I would respectfully submit, is really a junior
8 varsity version of congressional ratification.
9 No fewer than six times in their brief they
10 refer to the two centuries of precedent.

11 JUSTICE BREYER: Uh-huh.

12 MR. SHANMUGAM: I would respectfully
13 vigorously disagree with that, particularly
14 with regard to this Court's decisions. And let
15 me get to Judge Hand, but let me start with
16 this Court's decisions, starting with Justice
17 Story's opinion in Pennock.

18 This Court has consistently
19 articulated the predominant purpose of the
20 on-sale bar as preserving the public's access
21 to inventions that have entered the public
22 domain.

23 Indeed, if you go back to Pennock,
24 Justice Story, at a time when the on-sale bar
25 was not yet codified in the statute,

1 articulated the purpose in precisely that term
2 both with regard to the public use bar and with
3 regard to the on-sale bar. He said, if the
4 inventor shall put the invention into public
5 use or sell it for public use before he applies
6 for a patent, this shall furnish another bar to
7 his claim.

8 And all the way through to this
9 Court's decision in Pfaff, this Court has
10 referred to "the reluctance to allow an
11 inventor to remove existing knowledge from
12 public use" and has said that that purpose
13 undergirds the on-sale bar. And I --

14 JUSTICE KAVANAUGH: Doesn't commercial
15 exploit -- exploitation also undergird the bar?

16 MR. SHANMUGAM: I don't think we would
17 dispute that that is one way of characterizing
18 the underlying purpose, and that is what Judge
19 Hand said in the Metallizing opinion.

20 JUSTICE BREYER: Of course, that can
21 all be secret. It's not very hard.

22 MR. SHANMUGAM: But I don't think --

23 JUSTICE BREYER: You have an invention
24 --

25 MR. SHANMUGAM: I think to --

1 JUSTICE BREYER: -- that is practiced
2 -- well, I'm looking at the word "practice."
3 And it's not just one word. It's also
4 practicing the invention. And you can practice
5 the invention in such a way that the user of
6 the invention can't find out what the invention
7 is. That's not uncommon.

8 MR. SHANMUGAM: Let me say --

9 JUSTICE BREYER: And, therefore, we
10 have two that do not involve the public
11 awareness of the invention itself or how it is
12 produced.

13 MR. SHANMUGAM: So let me say just one
14 last thing about this Court's decisions and
15 then address that concern directly.

16 I think that if you were to adopt our
17 interpretation under which public availability
18 is required to trigger the on-sale bar, just
19 like all of the other bars, you would not have
20 to discard any of the reasoning of this Court's
21 cases and you wouldn't have to change any of
22 the outcomes of this Court's cases. We believe
23 that all of this Court's cases on their facts
24 would come out the same way.

25 Now, with regard to this alternative

1 formulation of the purpose, which I think
2 really first appeared prominently in Judge
3 Hand's opinion in Metallizing and then did --
4 did get picked up in a couple of this Court's
5 decisions, I'm willing to accept that, when you
6 have a sale, there is obviously a commercial
7 aspect to that. The person who sells the item
8 receives some consideration in response to
9 that.

10 But I don't think it's fair to say
11 that what Judge Hand was doing was saying that
12 the on-sale bar reaches all forms of pre-patent
13 commercialization. I think that that is an
14 over-reading of the on-sale bar.

15 And I think that, critically, even our
16 interpretation of the on-sale bar obviously
17 substantially limits an inventor's ability to
18 profit from his or her invention because, if
19 you do have public availability and a sale,
20 that is still going to be prohibited.

21 JUSTICE GINSBURG: Mr. Shanmugam, is
22 it --

23 MR. SHANMUGAM: Our submission is
24 simply that the statute --

25 JUSTICE GINSBURG: May -- may -- would

1 you please clarify one thing? I -- I thought
2 that one argument was that the AIA changed the
3 way it was. But your definition of "on sale"
4 seems to apply -- you seem to say there was no
5 change; "on sale" never included the secret
6 sale.

7 MR. SHANMUGAM: Justice Ginsburg, as I
8 said at the outset, I think that what Congress
9 did in the AIA was to clarify the proper
10 understanding of the phrase. And I do think
11 that at least our argument concerning the
12 noscitur a sociis canon would still have
13 applied even before the AIA. Obviously, we
14 have the addition of the catch-all phrase.

15 And I think, under this Court's
16 decisions construing materially identical
17 language, catch-all provisions do shed light on
18 the meaning of the categories that precede
19 them. But in our view --

20 JUSTICE KAVANAUGH: If that was a --

21 MR. SHANMUGAM: -- in terms of what
22 the --

23 JUSTICE KAVANAUGH: -- if that was a
24 clarification, it was a terrible clarification
25 because there were a lot of efforts, as you

1 well know, to actually change the "on sale"
2 language, and those all failed.

3 MR. SHANMUGAM: I think, in fairness,
4 Justice Kavanaugh, I would say that this was
5 exactly the way to achieve Congress's dual
6 objective. First --

7 JUSTICE KAVANAUGH: You don't think it
8 would have been easier to just change it
9 directly, as many members of Congress tried to
10 do repeatedly and failed?

11 MR. SHANMUGAM: I -- I think that that
12 is, with respect, an overstatement of what
13 members of Congress tried to do. I think that,
14 at most, as Respondents point out, there were
15 bills that would have deleted "public use" and
16 "on sale" from the definition.

17 But I think that there was good
18 reason, actually, to retain those phrases. As
19 the legislative history to which -- to which
20 Respondents point suggests, there was a
21 surrounding jurisprudence concerning these
22 terms which Congress may have wanted to retain,
23 things like the ready for patenting
24 requirement.

25 Retaining those phrases also made

1 clear that where the inventive embodiment is in
2 the public domain, the statute reaches those
3 cases no differently from when the inventive
4 idea is in the public domain.

5 What Congress was trying to do in the
6 catch-all provision and the House and Senate
7 reports, the most definitive form of
8 legislative history, bear this out, was to
9 achieve two objectives: to make sure that they
10 reached all forums of prior art, such as oral
11 presentations, PowerPoint presentations, and
12 the like, and also to clarify that any form of
13 prior art must be publicly available.

14 And notably -- and this gets to
15 Justice Ginsburg's question about whether there
16 was a change in the law -- I do think that what
17 Congress was doing was abrogating some of the
18 outlying lower court decisions that had
19 extended both the on-sale bar and the public
20 use bar to cases where there was not public
21 availability.

22 And, indeed, the legislative history
23 identifies by name some of the public use cases
24 that had so held, cases like the Beachcombers
25 decision from the Federal Circuit and the

1 JumpSport decision. We also point to some of
2 the on-sale cases that had extended to sales
3 that did not involve public availability, cases
4 like Special Devices and Caveney.

5 And I think, Justice Kavanaugh, that
6 that's precisely why you should think that what
7 Congress did here was fit for a purpose.

8 I think we would certainly acknowledge
9 that Congress could have modified the language
10 of "on sale," but what Congress wanted to do,
11 we would respectfully submit, was also to fix
12 some of this outlying Federal Circuit case law
13 on public use.

14 Now, of course, that phrase "public
15 use" one might think would have inherently
16 conveyed some notion of public availability, as
17 Respondents themselves suggest in their brief.
18 But at the same time, you had the Federal
19 Circuit extending the public use bar to
20 circumstances in which inventions were
21 displayed, and private parties, the JumpSport
22 case involved a trampoline in the inventor's
23 backyard. These were cases where, in our view,
24 there would not have been public availability.

25 And so Congress, in including the

1 catch-all provision, did what Congress did in
2 cases like Seatrain Lines and Paroline. It
3 shed light on the meaning of the pre-existing
4 specified provisions, and to be sure, in those
5 cases, everything was enacted at the same time,
6 but as a textual matter, you have to read the
7 statute as a whole.

8 And, again, Respondents' argument here
9 really rests on this notion of congressional
10 ratification. The first part of that is the
11 part that I've already addressed, this notion
12 that there was some settled body of law saying
13 that you don't have to have public
14 availability. And not only did this Court
15 never say that, this Court never did that.

16 But, of course, the second component
17 of any congressional ratification argument is
18 that you have to have statutory language that
19 was not changed. And this provision was
20 dramatically revised and, to be sure, some
21 elements of the pre-AIA definition, including
22 the phrase "on sale," were retained, but at the
23 same time, Congress added the catch-all phrase.
24 It defined a claimed invention. And, of
25 course, it shifted to a first-to-file system,

1 which largely addresses this concern about
2 improper commercialization because, of course,
3 any inventor who engages in commercial activity
4 without applying in a first-to-file system runs
5 the risk that another inventor will beat them
6 to the Patent Office.

7 And that is a concern, I would
8 respectfully submit, that is particularly acute
9 in a context like this.

10 JUSTICE KAVANAUGH: On -- on the first
11 part of what you just said as to what the law
12 was, the amicus brief, the Lemley amicus brief
13 says the law has always treated secret sales
14 and uses as prior art. Are you disagreeing
15 with that?

16 MR. SHANMUGAM: I am disagreeing with
17 that. And, again, in our view, and the
18 government can offer its view with the
19 institutional heft of the Patent Office, there
20 is no decision of this Court that would have to
21 be disturbed.

22 In our view, there are a handful of
23 Federal Circuit cases that would come out
24 differently if a public availability
25 requirement is applied.

1 And I want to say one more --

2 JUSTICE BREYER: What about Bonito
3 Boats? I mean, in Bonito Boats, this Court,
4 while it isn't necessary for the holding, does
5 quote Learned Hand, and it does say it is a
6 condition upon the inventor's right to a patent
7 that he shall not exploit his discovery
8 competitively after it is ready for patenting.
9 He has to go ahead and patent it or keep it a
10 secret forever.

11 So an inventor who, in fact, in year
12 one has his invention ready for patenting, and
13 goes around from one person to another secretly
14 selling it to each with a confidentiality
15 agreement, is a person who is exploiting his
16 agreement -- his invention and, therefore,
17 since he didn't do it through a patent, he
18 loses the right for a patent.

19 That seemed to me the clear -- pretty
20 clear rationale of Learned Hand, of why the
21 Court did that in Bonito Boats, of why Justice
22 Story said what he said, and I think it's that
23 that the Lemley brief was relying upon when
24 they made that statement.

25 MR. SHANMUGAM: We are not disagreeing

1 that that can be fairly read to be a purpose of
2 the on-sale bar. My submission is a much more
3 modest one. It is that, in order to accept
4 Respondents' submission, you have to think that
5 the on-sale bar really pursues that purpose at
6 all costs.

7 And part of the reason why we know
8 that that is not true is because Respondents
9 themselves concede that, if this arrangement
10 had been structured slightly differently, if
11 this had been structured as a right to profit
12 sharing rather than a -- a structure where you
13 have upfront payments followed by payments per
14 unit for any eventual product, if there even is
15 one --

16 JUSTICE BREYER: Can we -- can we
17 accept that point, write something in your
18 favor on that, that is, that there is a
19 question of what is on sale. It's not the
20 public/private question.

21 There are experimental exceptions, for
22 example, and perhaps there should be other, if
23 not exceptions, at least care taken to be
24 certain that it is an exploitation of the
25 invention when it is a private sale.

1 I mean, to go that far seems
2 consistent with what we have previously said
3 and what they say with the exceptions in the
4 statute.

5 It's where you want much more than
6 that, really, that -- you've read --

7 MR. SHANMUGAM: I -- I don't think we
8 want --

9 JUSTICE BREYER: -- the Lemley brief.
10 I've read the Lemley brief. We've all read
11 these different --

12 MR. SHANMUGAM: Justice Breyer, I
13 don't think we want much more than that. We
14 might suggest, respectfully, that the opinion
15 be written slightly differently.

16 JUSTICE BREYER: Yes.

17 MR. SHANMUGAM: I mean, I think that
18 we think that this Court should correct the
19 Federal Circuit's error, which is to say that
20 public availability is not required.

21 Now Respondents, we believe, have
22 forfeited any argument that there is public
23 availability here. But we also think that this
24 would be an easy case under a public
25 availability requirement, both because this

1 involved a sale to a single distributor, MGI,
2 that was under an obligation of
3 confidentiality, and also because this was a
4 development arrangement of which distribution
5 was an eventual possible part.

6 There was not even a product at the
7 time of this arrangement. And so we certainly
8 think that this would be an easy case under a
9 public availability requirement.

10 I'd like to reserve the balance of my
11 time for rebuttal. Thank you.

12 CHIEF JUSTICE ROBERTS: Thank you,
13 counsel.

14 Mr. Stewart.

15 ORAL ARGUMENT OF MALCOLM L. STEWART
16 FOR THE UNITED STATES, AS AMICUS CURIAE,
17 SUPPORTING THE PETITIONER

18 MR. STEWART: Mr. Chief Justice, and
19 may it please the Court:

20 In the government's view, there are
21 two basic reasons that the transaction at issue
22 here shouldn't be held to trigger the on-sale
23 bar. First, MGI was not a company that
24 intended to use the drug for its -- that
25 planned to use the drug for its intended

1 purpose by administering it to patients. MGI
2 proposed to function as a financial
3 intermediary that would take title to the
4 Palonosetron but ultimately would resell it.

5 And, second, even as to MGI itself,
6 the transaction did not provide any assurance
7 that title would ultimately pass because the
8 terms of the deal were subject to various
9 contingencies. And I'd like to focus on the --
10 the first point first.

11 None of this -- none of the Court's
12 decisions in either the public use or the --
13 the on-sale bar apply -- holding those bars to
14 apply have dealt with situations involving
15 distribution intermediaries. All -- all but
16 one of those cases have involved fact patterns
17 in which the invention was actually out there
18 in the world being used for its intended
19 purposes, and that was what was held to trigger
20 the on-sale or the public use bar.

21 The only exception to that is Pfaff,
22 because Pfaff involved an offer for sale that
23 had not yet been consummated, and the Court
24 held that the bar was triggered even though the
25 invention had not yet been supplied.

1 But even in Pfaff, you had a firm
2 offer to Texas Instruments that proposed --
3 that intended to use the component for its
4 ultimate purposes to be incorporated into
5 larger machines. You didn't have an entity
6 that intended to buy the product solely for
7 resale.

8 And -- and I think in terms of how do
9 we usually understand phrases like "on sale" or
10 "available to the public," our reading really
11 conforms much more closely to usual public
12 practices. That is, if you imagine a situation
13 with a new product like an iPhone, it's
14 manufactured. It's sold to a wholesaler. The
15 wholesaler sells it to a retailer. And then
16 the retailer sells it to consumers. There's a
17 train of transactions that constitute UCC
18 sales.

19 But, if you ask an ordinary speaker of
20 the language at what point did the iPhone go on
21 sale or become available to the public, you
22 would say that it's when consumers could buy
23 it, when the people who planned to use the
24 phone for its intended purpose --

25 JUSTICE SOTOMAYOR: If you ask a

1 consumer. But if you ask in the industry to
2 distributors, they'll say the moment that Apple
3 was going to start shipping it to distributors.

4 MR. STEWART: I think you --

5 JUSTICE SOTOMAYOR: That I didn't win
6 is irrelevant to me. It was on sale the moment
7 distributors were going to pick it up and ship
8 it out.

9 MR. STEWART: You -- you might use a
10 phrase like "on sale to distributors" or "on
11 sale to resellers" -- "resellers," but I don't
12 think you would use the phrase "on sale"
13 standing alone. And it would certainly be odd
14 to describe the phone as being made available
15 to the public at the time that Apple was
16 accepting bids as to who would --

17 JUSTICE SOTOMAYOR: This definition of
18 "on sale," to be frank with you, I've looked at
19 the history cited in the briefs, I looked at
20 the cases, I don't find it anywhere.

21 You're sort of giving "on sale to the
22 public" its meaning, but those are not the
23 words used by Congress. Congress could have
24 said "on sale to the public." And then we
25 might have to grapple with this. Congress just

1 said "on sale."

2 MR. STEWART: It said -- it retained
3 the phrase "on sale," but it added the phrase
4 "or otherwise available to the public." And
5 that served two purposes.

6 It functioned as a catch-all so that
7 things that were not enumerated might still
8 constitute prior art. But it also served the
9 purpose of clarifying that the preceding
10 enumerated categories were different ways of
11 making the invention available to the public.

12 And as we pointed out in the brief,
13 the on sale -- the --

14 JUSTICE SOTOMAYOR: Doesn't that
15 defeat your argument?

16 MR. STEWART: I'm sorry?

17 JUSTICE SOTOMAYOR: If that phrase has
18 an independent meaning, and you've just given
19 it two, then why don't we take the words
20 Congress used with their history? Because they
21 didn't say "on sale to the public"; they just
22 said "on sale." And when you have a historical
23 term that has a history, as a matter of course,
24 we look at that history.

25 MR. STEWART: I -- I think it's

1 certainly appropriate to -- to look to the
2 Court's -- to -- to the history, in particular
3 to this -- particularly to this Court's prior
4 decisions. And if this Court had previously
5 held the on-sale bar to be applicable to sales
6 to distribution intermediaries, then we might
7 say this is a fairly oblique way of overturning
8 those decisions.

9 Our -- our key point is this Court --
10 JUSTICE KAGAN: So is that right? If
11 -- if -- if you assume for a moment that the
12 law was pretty settled before the AIA, then do
13 you think that the AIA would -- that the
14 language added in the AIA would have been
15 capable of flipping that settled law?

16 MR. STEWART: If you thought it was
17 settled by this Court's decisions that the
18 on-sale bar applied to this sort --

19 JUSTICE KAGAN: How about if I say it
20 was settled because this Court had decided
21 Pfaff and because the Federal Circuit had a
22 number of cases?

23 MR. STEWART: I -- I don't think
24 that's sufficient to treat the law as settled,
25 especially because there is evidence both from

1 the face of the statute, the fact that
2 "otherwise available to the public" was added,
3 also from the legislative history, that
4 Congress was attempting to clarify that the
5 enumerated terms were ways of making the
6 invention available to the public.

7 I mean, the other thing I would say to
8 -- to follow up on something that my -- my
9 colleague mentioned is that one of the
10 justifications for the on-sale bar
11 traditionally has been prevent the inventor
12 from profiting before he is ready to put his
13 invention up for patent.

14 And that justification -- that
15 justification is neither sufficient nor
16 necessary on Respondents' view of the case.
17 That is, as Mr. Shanmugam pointed out,
18 Respondents themselves agree that there are
19 other transactions by which Helsinn could have
20 gotten money up front, could have gotten seed
21 money in return, for instance, for promising a
22 share of the profits. Those would not have
23 triggered the on-sale bar.

24 The other thing is that, in the
25 Federal Circuit's decisions, it's not even

1 necessary that the inventor profit from the
2 sale in order for the -- the on-sale bar to
3 apply. The Federal Circuit has confronted fact
4 patterns in which the inventor will ask an
5 outside supplier to produce physical
6 embodiments of the invention and deliver those
7 to the inventor.

8 Obviously, the inventor is not
9 profiting from that. The inventor is paying
10 money for the production. And the court -- the
11 Federal Circuit has said that triggers the --
12 that at least potentially triggers the on-sale
13 bar --

14 JUSTICE KAGAN: So --

15 MR. STEWART: -- because there's a UCC
16 sale.

17 JUSTICE KAGAN: So, Mr. Stewart, I'm
18 going to ask you to accept my assumption, and
19 it's a big assumption, I realize that. But
20 just accept the assumption that the law was
21 settled prior to the AIA and it was settled
22 Mr. Jay's way, not your way.

23 Then is the new language that the AIA
24 put in the statute -- would that be enough to
25 unsettle it?

1 MR. STEWART: No, I think that would
2 be a fairly oblique way of attempting to
3 overturn kind of a settled body of law. But,
4 as I say, the -- the body of law that the
5 Federal Circuit has developed doesn't map onto
6 any policy justification.

7 The other thing I would say about
8 Pfaff is that, in Pfaff, the Court emphasized
9 that the sale was what it referred to as a
10 commercial sale rather than an experimental
11 sale. And the Court at some length discussed
12 the body of cases involving the experimental
13 use doctrine and the --

14 JUSTICE KAVANAUGH: You --

15 MR. STEWART: I'm sorry, Justice
16 Kavanaugh?

17 JUSTICE KAVANAUGH: Go ahead.

18 MR. STEWART: And the -- the Court has
19 recognized that even when an invention is being
20 used out in the public square in a manner that
21 is visible to the public, it's not the sort of
22 public use that triggers the public use bar if
23 it is being done for experimental purposes, to
24 verify that the invention will work as a stage
25 precedent to patenting.

1 And the Court in Pfaff strongly
2 indicated if a sale is made so that the buyer
3 can engage in experimentation, rather than to
4 use the product to achieve its intended
5 benefits, that won't trigger the on-sale bar.

6 JUSTICE KAVANAUGH: You -- you
7 mentioned the legislative history, but, here,
8 isn't this a classic example of trying to
9 snatch victory from defeat in some of the
10 legislative statements?

11 In other words, there was this law
12 before, as Justice Kagan mentions, a huge
13 effort to change it, lots of proposals to
14 change it. They all fail, and then a couple
15 statements said on the floor on which you're
16 relying. I -- I think the legislative history,
17 read as a whole, goes exactly contrary.

18 MR. STEWART: Well, to answer that,
19 let me point to -- to one of the things --

20 JUSTICE KAVANAUGH: What's wrong with
21 thinking that way?

22 MR. STEWART: I think what's wrong
23 with thinking that way is that, as we've
24 pointed out in our brief, the -- the prior art
25 provision encompasses two conceptually distinct

1 ways of placing an invention in the public
2 domain.

3 If the invention is patented or
4 described in a printed publication, that means
5 that the inventive idea has been made available
6 to persons skilled in the art such that they
7 would be able to make it. And the on-sale bar
8 and public use bars deal with situations in
9 which physical embodiments of the invention had
10 been placed in the -- the public domain.

11 Now some of the proposals that you
12 refer to, Justice Kavanaugh, would have said
13 things to the effect of it has been patented --
14 patented, described in a printed publication or
15 otherwise available to the public.

16 I think, if that language had been
17 used and there had been no reference to on sale
18 or public use, it would have been at least a
19 permissible inference that the "otherwise
20 available to the public" referred solely to
21 circumstances in which the inventive idea had
22 been disclosed.

23 And that would have -- that really
24 would have overturned a great deal of this
25 Court's law concerning the on-sale and public

1 use bars because those can be triggered even if
2 the public is not aware of how the invention
3 works, so long as physical body -- embodiments
4 have been made available.

5 So I think Congress got the best of
6 both worlds by -- by clarifying that all these
7 things have to be public in some manner, but
8 also clarifying that making physical
9 embodiments available is sufficient.

10 CHIEF JUSTICE ROBERTS: Thank you,
11 Mr. Stewart.

12 Mr. Jay.

13 ORAL ARGUMENT OF WILLIAM M. JAY
14 ON BEHALF OF THE RESPONDENTS

15 MR. JAY: Thank you, Mr. Chief
16 Justice, and may it please the Court:

17 A product that is sold or offered for
18 commercial sale is on sale, as this Court has
19 consistently read that term. That established
20 meaning didn't change when Congress added a new
21 category of invalidating prior art to the
22 statute. That's events that make the invention
23 available to the public in other ways not
24 already covered by the statute.

25 So Helsinn's argument, as you heard

1 this morning, is that although it sold its
2 invention, that sale did not place the
3 invention on sale. We submit that not only did
4 Helsinn place the invention on sale, it also
5 made the invention available to the public.

6 But I'd like to begin with first the
7 plain meaning of "on sale." We think that the
8 reason that the statute uses "on sale" and that
9 this Court has always read it this way,
10 including in Pfaff, is to cover offers for
11 sale. If it just -- if the statute simply said
12 sales, then it wouldn't cover offers. And
13 offers are important for two important reasons
14 -- for two key reasons.

15 One, an offer shows -- the willingness
16 to place the invention on sale, to make an
17 offer to sell the product, shows that the
18 inventor is ready to commercialize the
19 invention. And if they're ready to
20 commercialize the invention, and then the
21 second half of the Pfaff test is met, the
22 invention itself is ready for patenting, then
23 the inventor ought to be going to the Patent
24 Office and applying for a patent.

25 If instead the inventor wants to

1 commercialize the invention, deriving profit
2 from it, then the inventor can do that but
3 should not expect a legal monopoly that could
4 extend past the statutory term.

5 JUSTICE ALITO: Well, I think the most
6 serious argument you have to deal with is the
7 meaning -- the plain meaning -- the fairly
8 plain meaning of the new statutory language.

9 So you say "on sale" means on sale
10 publicly or on sale privately, right?

11 MR. JAY: Right. On --

12 JUSTICE ALITO: All right.

13 MR. JAY: -- on sale, period, full
14 stop.

15 JUSTICE ALITO: Okay. So suppose that
16 the statute had been amended to read just the
17 way it does, except -- so it would -- with one
18 exception. So it says the -- the claimed
19 invention was patented, described in a printed
20 publication, or in public use, on sale publicly
21 or on sale privately, or otherwise available to
22 the public.

23 That would be nonsense, wouldn't it?

24 MR. JAY: I -- I think it would be
25 confusing. That -- that's certainly right.

1 But I do think that it would specify that one
2 of the categories of invalidating prior art
3 would be on sale privately.

4 And in your hypothetical, I think this
5 Court would give effect to the choice that
6 Congress made, even though one of the items in
7 the list might stick out somewhat and not --

8 JUSTICE ALITO: It would be -- it
9 would be nonsense because the meaning of
10 "otherwise" is in the same -- in some other
11 manner, to do the same thing in some other
12 manner.

13 And you have -- what we have now after
14 this change is an enumerated -- is an
15 enumeration of a number of things that are
16 public, a printed publication in public use,
17 two things that are obviously public.

18 Then we have on sale. And then it
19 says, "or otherwise available to the public."
20 And I find it very difficult to get over the
21 idea that this means that all of the things
22 that went before are public.

23 MR. JAY: So two points.

24 JUSTICE ALITO: That's what
25 "otherwise" means.

1 MR. JAY: So, of course, you know,
2 Your Honor sort of asked me to assume that this
3 is a statute that's being written from scratch,
4 and I think that that takes off the table all
5 of the history of the statute as it was before
6 2011.

7 But, second, even taking -- even
8 taking that off the table and looking at the
9 statute, a statute like the one that you've
10 proposed, the reason that your example was
11 different from this statute is that, in your
12 example, there's one category, on sale
13 privately, that doesn't even have any overlap
14 with available to the public.

15 And we've never disputed that many
16 sales do, in fact, make inventions available to
17 the public, but we do think that "on sale" has
18 its own meaning, and one important part of that
19 meaning is offers.

20 And we think that structurally, if "on
21 sale" is to include offers, and we think there
22 is no way to read that definition to exclude
23 offers, offers are not generally going to make
24 an invention available to the public.

25 My friends on the other side in their

1 brief suggest that that might happen in a
2 newspaper advertisement, but it's extremely
3 unusual to see in a newspaper advertisement all
4 of the details of a claimed invention
5 disclosed.

6 So we think that the function of
7 "otherwise" in the statute as amended, again,
8 even taking off the table all of the history,
9 is to acknowledge that there is overlap between
10 the previous four categories and the new
11 category of invalidating prior art that's being
12 added, so as to make sure that the new category
13 doesn't swallow or change the meaning of a
14 prior one.

15 Let me illustrate that with an
16 example.

17 JUSTICE ALITO: So -- so the new
18 category consists of offers?

19 MR. JAY: The new -- sorry, the new
20 category consists of things that make the --
21 that otherwise make the invention available to
22 the public.

23 JUSTICE ALITO: And what would be
24 within that category?

25 MR. JAY: An oral presentation at a

1 conference without slides, you know, PowerPoint
2 slides that get distributed. That's one
3 example. Another that's discussed in the High
4 Tech Inventors Alliance brief is collaboration
5 among many people on an app, an app -- a
6 collaboration app which is not on the Internet
7 and is not indexed and would not count as a
8 printed publication but ought to be the kind of
9 disclosure.

10 I mean, the government agrees with us,
11 and I think by the end of the briefing
12 Respondent -- Petitioner has agreed with us
13 that this new category's primary function is to
14 create new invalidating prior art disclosures
15 that weren't invalidating before the AIA.

16 And we think that it would be strange
17 for Congress, by creating a new invalidating
18 category, in other words, narrowing the scope
19 of things that could be patentable to
20 indirectly, and by the -- the strangest
21 implication, narrow a category of prior art and
22 widen the scope of things that could be
23 patented.

24 I think it's -- as a historical matter
25 about this case, I think it's important to

1 understand that Petitioner had gotten three
2 patents before the AIA, all of which were
3 invalidated below. And Petitioner hasn't
4 sought cert on that, and, indeed, told this
5 Court at page 3 of the reply brief that it
6 could assume that that decision was correct
7 under the -- under the prior interpretation of
8 the AIA -- I'm sorry, of the "on sale" words.

9 JUSTICE SOTOMAYOR: Mr. Jay --

10 MR. JAY: Yes.

11 JUSTICE SOTOMAYOR: -- you were cut
12 off before you gave an example. I wasn't quite
13 moved by your baseball example. So do you have
14 something else in something that's based in law
15 where "otherwise" was used in the way you
16 suggest?

17 And the second part of my question is,
18 will we be the only country that has a
19 first-to-file system that includes private
20 sales?

21 MR. JAY: So let me answer the second
22 part first --

23 JUSTICE SOTOMAYOR: Confidential-wise.

24 MR. JAY: -- just because I think -- I
25 think -- I think it's a pretty straightforward

1 answer. The on-sale bar itself is unique. The
2 other -- other countries don't have an on-sale
3 bar that includes public sales. They just
4 don't have an on-sale bar at all. So --

5 JUSTICE SOTOMAYOR: I'm sorry.
6 Explain that to me, an on sale -- no -- there
7 is no on-sale bar --

8 MR. JAY: Right.

9 JUSTICE SOTOMAYOR: -- public or
10 private?

11 MR. JAY: Right. Sales are not a
12 category in the other countries' patent systems
13 that are just discussed in the briefing. The
14 point made is that those countries don't rely
15 on secret prior art, but they also don't have
16 an on-sale bar at all.

17 So, in this country, we have and have
18 decided -- and Congress has decided to retain a
19 category of invalidating prior art that -- that
20 -- that has, as the purpose, measuring whether
21 the inventor is commercializing the invention,
22 is ready to commercialize the invention, an
23 invention that under the second half of the
24 test is ready for patenting.

25 So -- so that is itself somewhat

1 unique. And I think that's the answer to why
2 you don't see this in other countries.

3 On -- on your -- on the first question
4 you asked, Your Honor, what I was getting to
5 with -- with Justice Alito about the -- the
6 addition of "otherwise available to the
7 public," rather than just "available to the
8 public," we think the word "otherwise" serves
9 to acknowledge that there is overlap and to
10 avoid this strange situation.

11 So if the statute had said described
12 in a printed publication -- dot, dot, dot -- or
13 available to the public, one implication of
14 that might be if there weren't a clarifying
15 word like "otherwise" to make clear that that
16 new category was a residual category intended
17 to catch things not already caught, the
18 implication might be that, well, gosh, in order
19 to give content to the other items in the list,
20 we better read them to include things that are
21 not available to the public, such as printed
22 publications that are not indexed, that are not
23 available to the public.

24 There is a lengthy -- an extensive
25 body of law on that. So, for example, a Ph.D.

1 thesis that's on a shelf somewhere but is not
2 indexed and not readily findable does not count
3 as a printed publication.

4 We think that the best reading of this
5 new category is that it creates a new set of
6 invalidating prior art and it does not unsettle
7 any of the prior categories, whether patented,
8 described in a printed publication, in public
9 use, or on sale.

10 And it certainly doesn't -- doesn't
11 disturb the basic policy justification for the
12 on-sale bar, which deals not with the stock of
13 public knowledge, precisely because, as my
14 friend, Mr. Shanmugam, and my friend, Mr.
15 Stewart, have both -- have both discussed,
16 putting an embodiment out in the public or even
17 offering to put an embodiment of the invention
18 out in the public for money, meaning on sale,
19 that may not tell the public anything about how
20 the invention works.

21 JUSTICE BREYER: Can -- can you answer
22 Justice Alito's and Justice Sotomayor's first
23 question? That is, I can think of examples,
24 but they're a little awkward. I mean, the
25 meet, the sports meet will include football,

1 basketball, running, swimming, or otherwise --
2 or games that otherwise involve a ball, okay?

3 Or breakfast, a healthy breakfast
4 includes Fiber One bran flakes, fruit, tea, and
5 food that otherwise is a -- what do you --
6 fiber heavy, you see, but -- but each of those
7 is somewhat awkward, each of the ones.

8 So it's possible among these excellent
9 briefs -- I thought the bar really earned its
10 pay on both sides -- but, I mean, the -- the --
11 the -- I couldn't come up with a good English
12 example there. So I thought maybe -- maybe you
13 have.

14 MR. JAY: So I actually -- and thank
15 you, Your Honor.

16 (Laughter.)

17 MR. JAY: The -- the example that we
18 thought of actually is --

19 JUSTICE BREYER: There were an awful
20 lot of them.

21 MR. JAY: There are -- is very close
22 to your -- your football, baseball, swimming
23 example. And I think, in particular, that if a
24 statute said, you know, don't engage in
25 football, baseball, or swimming, full stop, I

1 think everyone would understand what football
2 and baseball and swimming meant.

3 And if the -- if the statute were then
4 amended to add "or any other activity that
5 involves the use of a ball," that might be a
6 bit awkward, but no one would think that it
7 changed the meaning of swimming, that it
8 required the adoption of a atextual meaning of
9 swimming that doesn't appear in any dictionary,
10 or that it required anything, other than the
11 addition of --

12 JUSTICE KAGAN: Well, I'll give you
13 another one.

14 JUSTICE ALITO: Well, it would be
15 nonsense.

16 JUSTICE KAGAN: I'll give you another
17 one, Mr. Jay. So suppose I say don't buy
18 peanut butter cookies, pecan pie -- this is the
19 key one, ready -- brownies, or any dessert that
20 otherwise contains nuts. Do I -- do I violate
21 the injunction if I buy nutless brownies?

22 MR. JAY: So I think that the reason
23 that that hypothetical -- so I think I would
24 say no. Do I -- do you violate the injunction
25 if you --

1 JUSTICE KAGAN: In other words, can I
2 buy nutless brownies?

3 MR. JAY: I think so -- I think you
4 can. And I think that the reason -- the reason
5 for that is that "brownies" is a -- is a term
6 that might or might not, you know, be read to
7 include brownies with nuts or -- or -- or
8 brownies otherwise.

9 But I don't think that you have that
10 permissible reading of "on sale" here. And, in
11 addition --

12 JUSTICE KAGAN: You're saying it's not
13 even like a little bit doubtful what "on sale"
14 means?

15 MR. JAY: Certainly not by the time
16 the AIA was -- was enacted, no, I don't think
17 that it was. I don't think that it was
18 doubtful by -- by any dictionary that we found,
19 either when the bar was enacted or when it was
20 recodified in 1952, or when it was reenacted in
21 2011. So, no, I don't think it's a permissible
22 reading. And in your --

23 JUSTICE KAGAN: Because in Mr.
24 Shanmugam's excellent brief, he --

25 (Laughter.)

1 JUSTICE KAGAN: -- he certainly seems
2 to think that "on sale" means something
3 different from what you thought it meant. And
4 I guess what my hypothetical is designed to do
5 is to say, look, let's take a term that could
6 be read one way or the other and then let's
7 attach that "otherwise" language to it. And it
8 seems pretty clear that the "otherwise"
9 language would be doing something.

10 MR. JAY: So -- well, of course, it is
11 doing something on both sides' reading and I
12 think that, you know, that it creates this new
13 category --

14 JUSTICE KAGAN: Yeah, yeah, yeah.

15 MR. JAY: -- but -- right.

16 JUSTICE KAGAN: You know what I mean.

17 MR. JAY: I do. And -- but in that --
18 in both of his excellent briefs you won't find
19 any dictionary definition anywhere of "on
20 sale," no -- no engagement with the meaning of
21 "on sale." There's just -- just a
22 cross-reference to the government's brief.

23 And the government cites a dictionary
24 that says that "on sale" means available for
25 purchase by customers. And a customer is just

1 someone who buys something. I -- it certainly
2 doesn't mean available in an open, you know,
3 non-hidden way, and it doesn't mean available
4 to the entire world.

5 One sale to one willing purchaser has
6 always been an invalidating sale. And I think
7 that the reason for that -- one reason for
8 that, this Court brought out in Pfaff is that
9 it gives the inventor him- or herself a degree
10 of predictability. The inventor controls
11 when -- when she wants to place her invention
12 on sale.

13 If, instead -- if it were something
14 more ambiguous that involved when the invention
15 is not just sold by the inventor to a
16 wholesaler or sold by the wholesaler to a
17 retailer, but instead when it was placed on
18 sale by the retailer at the end of the process.

19 JUSTICE KAVANAUGH: But given your
20 position. I'm -- Im sorry. Given your
21 position, you have the wrong answer to the
22 brownies hypothetical, I think.

23 MR. JAY: Oh, so if you -- if you --
24 my answer to the brownies hypothetical is -- is
25 based on the idea --

1 JUSTICE KAVANAUGH: As a term, it
2 covers with nuts or without nuts. Right?

3 MR. JAY: So I -- I guess it -- right.
4 It depends --

5 JUSTICE KAVANAUGH: Maybe we lost the
6 hypothetical.

7 MR. JAY: Yeah, right. I guess maybe
8 I'm -- maybe I'm misunderstanding the
9 hypothetical or at least maybe we're having a
10 disagreement about what -- what it means to be
11 -- to be a brownie.

12 (Laughter.)

13 JUSTICE BREYER: Well, it's a good --

14 JUSTICE KAVANAUGH: You were saying
15 it's ambiguous --

16 (Laughter.)

17 JUSTICE KAVANAUGH: You were saying
18 it's ambiguous. I'm saying that is not
19 ambiguous, right? And you were saying "on
20 sale" is not ambiguous.

21 MR. JAY: I -- so I am saying that "on
22 sale" is ambiguous. And I guess if you --

23 JUSTICE KAVANAUGH: Not --

24 MR. JAY: -- if you open the
25 dictionary and --

1 JUSTICE KAVANAUGH: You're saying it's
2 not ambiguous, "on sale"?

3 MR. JAY: I'm saying that "on sale" is
4 not ambiguous. It certainly was not ambiguous
5 when -- when chosen for continued inclusion in
6 the AIA.

7 JUSTICE KAVANAUGH: Even though it
8 says "otherwise available to the public," it's
9 still not ambiguous?

10 MR. JAY: Even though it says
11 "otherwise available to the public," it's still
12 not ambiguous, that's right, because it -- it
13 would take more than that. And I agree -- I
14 agree with Mr. Stewart when -- when he answered
15 this question.

16 It would take more than that to
17 unsettle the meaning of a term with such a
18 lengthy history and would be a very indirect
19 way, as I think Your Honor brought out in your
20 question in the top half of the argument, to
21 accomplish that.

22 So whatever the definition --
23 dictionary definition, of "brownie" may be, and
24 I guess -- I confess I'm not up on that, I -- I
25 think that the -- the meaning of "on sale" is

1 sufficiently unambiguous.

2 And it certainly -- it certainly is
3 not the case that "otherwise" is some
4 talismanic word that is used in statutes, you
5 know, to unsettle the meaning of -- of words
6 that come before it. I think the best examples
7 that we can give are "the party or other
8 activity that damages the house" in Barnhart.
9 "Party" -- "party," of course, is not even a
10 term of art.

11 JUSTICE KAVANAUGH: You cite the
12 Paroline case as an example of a case where a
13 term -- a statute was structured like this, and
14 the term in the catch-all then was used to
15 influence the interpretation of the preceding
16 terms.

17 MR. JAY: It was --

18 JUSTICE KAVANAUGH: Why is that
19 different?

20 MR. JAY: It was used as -- the Court
21 said, it was used -- it summarized what the --
22 you know, what the preceding terms did. It
23 certainly wasn't used to change or unsettle a
24 preexisting meaning. I think it's different
25 for a couple of reasons.

1 One, the Court said in Paroline:
2 Number 1, that it might well have reached the
3 same conclusion even in if that language didn't
4 appear in the statute because of the strong
5 statute presumption that remedial statutes
6 contain a proximate cause element. And, you
7 know, that, I -- is on page 446 of the opinion.

8 And then on the next page, you'll see
9 that the -- the Court has a paragraph dealing
10 with the -- with the other language, and it
11 does two things: One, it treats it as a series
12 modifier because it is equally applicable to
13 each of the five categories that's come before.

14 That was kind of like the argument
15 that the other side was making in the court of
16 appeals, that "otherwise available to the
17 public" is a -- is a series modifier that
18 actually modifies, as a matter of English
19 grammar, the terms that come before it in the
20 list. And they've abandoned that argument, and
21 that's why we're not talking anymore about the
22 rule of the last antecedent.

23 And then the third thing was -- was
24 the point about summarizing the categories that
25 come before. In this case, we just don't think

1 that "available to the public" is a fair
2 summary of "on sale" either as a matter of
3 ordinary English or as a matter of the
4 specialized meaning that this Court has given
5 it.

6 And I think that Mr. Shanmugam, you
7 know, suggested that, you know -- you know,
8 Judge Hand kind of created this, the policy
9 behind the on-sale bar, as being something
10 about commercializing. But I think the history
11 goes much further back than that, and I
12 would urge the Court to look at a number of the
13 late 19th-century cases, such as Consolidated
14 Fruit-Jar, in which the Court said that the
15 inventor is not allowed to derive any benefit
16 from the sale or the use of his machine unless
17 he begins -- unless he applies for patenting
18 within the then grace period.

19 JUSTICE GORSUCH: Mr. Jay, say we
20 disagree with you, just for the purposes of
21 this hypothetical, and think that the
22 introduction of the "otherwise" clause
23 introduced some ambiguity about what "on sale"
24 means now.

25 I understand the Patent Office has an

1 interpretation of this statute. What should we
2 do with that, if anything, or should we ignore
3 it?

4 MR. JAY: I -- I think that it -- it
5 would only be relevant if it had the power to
6 persuade. This Court has never given deference
7 to the Patent Office on substantive questions
8 of patentability, on what it takes to overcome
9 the bars put in the statute by Congress where
10 Congress has said you may not have a patent if
11 X, Y, or Z.

12 Now, this Court has any number of
13 decisions in which it has held that a patent
14 issued by the Patent Office in conformance with
15 the -- the office's then examination guidelines
16 were invalid.

17 So we think it's entitled to
18 respectful consideration, just as the
19 government's amicus brief in this case is
20 entitled to respectful consideration, but we
21 respectfully disagree with it. We don't think
22 that -- particularly because it doesn't deal
23 with the meaning of "on sale" and in its
24 attempt to reconcile that with the new
25 language, it -- its suggestion of this new test

1 about availability to the public, meaning the
2 ultimate consumer, that's not based in
3 anything, text or definition or history or case
4 law of any kind.

5 But -- so we think that a virtue of
6 our position is that you don't need to get into
7 the question of what it means to be available
8 to the public when you're considering a sale.
9 You know, a sale or an offer for sale is a
10 concept that has been baked into this statute
11 for a long time.

12 Mr. Stewart urged the Court to look at
13 a number of aspects of this transaction, and
14 Mr. Shanmugam, in sort of the -- the end of his
15 four-part litany of why this -- why this
16 invention was not available to the public,
17 mentioned that this was a development
18 agreement.

19 Now, I would urge the Court to look at
20 part 1 of the Federal Circuit's opinion, which
21 deals with the question of whether this was a
22 sale at all. That's a pretty specific inquiry
23 into whether the preconditions for this sale
24 prevent it from being a sale, as that term is
25 used and has been used for many, many years.

1 The other side, of course, didn't seek
2 certiorari on that question. We don't think
3 it's properly before the Court. What they did
4 seek certiorari on is -- and if you look
5 specifically at the question presented, it
6 doesn't use "available to the public"; it
7 refers specifically to secrecy, to -- to the
8 existence of a confidentiality agreement, you
9 know, a third party that is obligated to keep
10 the invention confidential.

11 That's the only manifestation of not
12 available to the public that they put in the
13 question presented. And I think you've heard
14 that, you know, the government is not defending
15 that view, and we think that that adopting that
16 view under which stickering a -- an offer or a
17 product with a confidentiality agreement, and
18 thereby taking it off the table for purposes of
19 the on-sale bar, would be an incredibly
20 problematic view for -- for a variety of
21 reasons.

22 One, it would be easy to do. Two, it
23 -- it would seriously undermine the purpose of
24 the -- the on-sale bar because it would allow
25 not just isolated commercialization, but really

1 rampant commercialization.

2 And then the third -- a third point
3 about what it means to be available to the
4 public, about whether this -- this distributor
5 should count, and this goes back to a question
6 that Justice Sotomayor asked about, you know,
7 if you asked a consumer, you know, what -- what
8 would it mean to be -- to be on sale. I think
9 if you ask a pharmaceutical company what does
10 it mean for your product to be on sale, what
11 that pharmaceutical company would say is we're
12 selling it to a distributor, because as we've
13 cited and as we explained in our brief,
14 90 percent of the pharmaceuticals in this
15 country are sold not -- not directly from the
16 manufacturer to a consumer, but to a wholesaler
17 or a -- or a distributor. That's how they are
18 sold.

19 And so the implications of adopting
20 this ultimate consumer test would be to give
21 the pharmaceutical industry, in particular, and
22 any other industry that operates primarily
23 through wholesalers and distributors a real
24 free pass from the on-sale bar.

25 And that -- getting back to the basic

1 purpose of the bar, that would undermine the
2 statutory term, right? The -- as the Court
3 said in Pfaff, confining the duration of the
4 monopoly to the statutory term is one of the
5 two key principles of the -- underlying the
6 on-sale bar.

7 We think that because Helsinn placed
8 its invention on sale and it was willing -- and
9 part 3 of the Federal Circuit's opinion --
10 opinion explains why it was ready for
11 patenting, so it had one year in which to apply
12 for a patent. It chose not to do that.

13 And then, many years later, after the
14 AIA was passed, it went back to the Patent
15 Office and it tried to get -- and it got a
16 patent that would be subject to the AIA that
17 was, as the Federal Circuit explained,
18 indistinguishable from -- for -- for relevant
19 purposes, materially indistinguishable, from
20 the pre-AIA patents it had -- it had obtained.

21 And it said that the sale that had
22 invalidated -- that was going to invalidate its
23 prior pre-AIA patents doesn't invalidate this
24 post-AIA patent. So I think it's difficult for
25 Helsinn to say that it's not withdrawing

1 anything from the stock of knowledge by getting
2 a patent.

3 JUSTICE KAGAN: Mr. Jay, would the
4 prior secret sale of an invention by somebody
5 other than the patentholder invalidate the
6 patentholder's patent?

7 MR. JAY: I think the answer is yes,
8 but I -- I've not seen cases like that because
9 I think it would be exceptionally difficult to
10 discover. Whereas the way the sale in this
11 case came to light and the way in which sales
12 in patent cases generally come to light is
13 through discovery from the inventor.

14 You know, as the Court said in Pfaff,
15 you want the inventor to have control about the
16 timing and the choice to commercialize the
17 invention.

18 And so a rule that gives the inventor
19 control over that necessarily has to leave out
20 the possibility that someone else might also
21 have the invention and start selling it, but
22 that's not been an implementation problem in
23 reality.

24 If the Court has no further questions,
25 I'm prepared to yield back the balance of my

1 time.

2 CHIEF JUSTICE ROBERTS: Thank you,
3 counsel.

4 Mr. Shanmugam, you have four minutes
5 remaining.

6 REBUTTAL ARGUMENT OF KANNON K.

7 SHANMUGAM ON BEHALF OF THE PETITIONER

8 MR. SHANMUGAM: Thank you, Mr. Chief
9 Justice.

10 Our fundamental submission today is a
11 simple one. It is that the phrase "on sale"
12 should not be read in a vacuum but, rather, in
13 the context of the surrounding language.

14 And the fundamental problem and the
15 dispositive problem, I would respectfully
16 submit, with Mr. Jay's submission, is that it
17 really would read the word "otherwise" out of
18 the statute.

19 I think that the hypotheticals that
20 were proffered to Mr. Jay make that clear. But
21 let me, at the risk of introducing another one,
22 point to this Court's decision in one of my
23 favorite statutory interpretation cases, United
24 States versus Standard Brewery. That is the
25 case that involved the Wartime Prohibition Act

1 which prohibited the use of grains to
2 manufacture, and the language of the statute,
3 "beer, wine and other intoxicating malt or
4 Venice liquor for beverage purposes."

5 And believe it or not, there was
6 actually a case in which a party was making
7 non-intoxicating beer, and the question was
8 whether the statute applied to that. And the
9 Court said no, applying the very principles
10 that we are articulating here.

11 And The Court's rationale was that the
12 qualifying words "other intoxicating" in this
13 act cannot be rejected. In the words of
14 Justice Day, if the intention was to include
15 beer or wine, whether intoxicating or not, the
16 use of this phraseology was quite superfluous.

17 And I would respectfully submit that
18 Mr. Jay really has no alternative way of
19 reading the very familiar term "otherwise."
20 Mr. Jay today, as in his excellent brief,
21 suggests that otherwise could be read to cover
22 situations in which there is some overlap.

23 We know that the public use bar and
24 the on sale bar have considerable overlap in
25 many cases. But it would, of course, have been

1 nonsensical for Congress to have said "in
2 public use or otherwise on sale." That doesn't
3 make sense as a matter of basic English.

4 And Respondents can point to none of
5 this Court's many cases involving catch-all
6 provisions that support that approach to the
7 statutory language.

8 JUSTICE BREYER: You have a whole
9 brief, I mean, you know, you have a brief, I
10 mean, everybody's is excellent. Okay?

11 But the point is that -- that there is
12 a brief which gives the instance of an inventor
13 who talks daily through the internet, or
14 otherwise, to 60,000 people and he tells those
15 60,000 people about his invention.

16 And that, they say, and similar or
17 other circumstances, are what this last phrase
18 is meant to cover.

19 MR. SHANMUGAM: Just as --

20 JUSTICE BREYER: Now, that gives a
21 meaning to it.

22 MR. SHANMUGAM: Yes. Just as in
23 Standard Brewery, right? That catch-all
24 provision was presumably included for a reason,
25 to include other malt or Venice beverages.

1 That's always true --

2 JUSTICE BREYER: Sometimes. Sometimes
3 yes, sometimes no.

4 MR. SHANMUGAM: -- with a catch-all
5 provision. That would have been true of the
6 catch-all provision in Seatrain Lines, the
7 catch-all provision in Paroline. And yet these
8 cases consistently make clear that these sorts
9 of catch-all provisions identify a key
10 characteristic that the preceding provisions
11 should be understood to share.

12 And we know from the legislative
13 history that that was the better view of
14 Congress's intent here.

15 And while Respondents have this very
16 convoluted explanation of the evolution of the
17 statutory language, the one thing they can't
18 point to is any legislative history that
19 construes the final version of the AIA in the
20 way that they suggest.

21 Now, I want to say just a word about
22 this contrary argument about on sale which
23 really relies on interpreting on sale in vacuo.

24 I made the point in my opening
25 argument that there are no cases of this Court

1 that would come out differently under our
2 interpretation. I did not hear Respondents to
3 suggest differently.

4 And, Justice Kagan, to the extent that
5 you asked a question along these lines about,
6 well, can we put together Pfaff and these
7 Federal Circuit cases and get enough to get to
8 some notion of ratification, our interpretation
9 retains Pfaff. It retains both the holding of
10 Pfaff, because I think that that was a case
11 where there was availability to the public.

12 It was a somewhat unusual product
13 because it was a custom-made product. And so I
14 think Texas Instruments really was the sum
15 total of the relevant public, but I think the
16 outcome would be the same.

17 And our whole point about why Congress
18 used this final formulation, to respond to
19 Justice Kavanaugh's questions on this point,
20 was to retain the existing jurisprudence
21 surrounding the bars.

22 And, in particular, with regard to
23 Pfaff, Pfaff, as the Court will be aware,
24 articulated the ready for patenting
25 requirement. That is a requirement in our view

1 that very much would continue to have force.
2 The experimental use exception to which Mr.
3 Stewart referred would also continue to have
4 force.

5 And that explains, I think, even the
6 legislative history, the little bit of
7 legislative history to which Respondents point,
8 and in particular Representative Lofgren's
9 statement, because by retaining those phrases,
10 while adding the catch-all provision, Congress
11 made clear that that jurisprudence should be
12 retained.

13 The judgment of the Federal Circuit
14 should be reversed. Thank you.

15 CHIEF JUSTICE ROBERTS: Thank you,
16 counsel.

17 The case is submitted. I am sure
18 we'll come up with an excellent opinion.

19 (Laughter.)

20 (Whereupon, at 11:59 a.m., the case
21 was submitted.)

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23

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