January 25, 2019

Supreme Court Declines To Disturb Pre-AIA Interpretation of "On Sale" Bar

On January 22, the Supreme Court issued a rare 9–0 affirmance of the Federal Circuit in *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.* (585 U.S. ___ (2018). The issue on appeal was whether the sale of an invention to a third party, who is contractually obligated to keep the invention confidential, places the invention "on sale" within the meaning of Section 102(a) of the America Invents Act (AIA).

Prior to the AIA, the "on sale" bar required the invention be: (1) the subject of a commercial offer for sale; and (2) ready for patenting, i.e., sufficiently described to enable a person skilled in art to practice the invention. (Slip op. at 6 (internal citations omitted).) The Federal Circuit had routinely held that the pre-AIA "on sale" bar included sales that were not disclosed to the public. (Slip op. at 7, collecting cases.) Because the AIA changed the language of Section 102, the Supreme Court in *Helsinn* was tasked with determining whether the scope of the pre-AIA "on sale" bar was impacted after the new law was passed.

A comparison of the relevant text is shown below:

Pre-AIA 35 U. S. C. §102(b) (2006 ed.)	AIA 35 U. S. C. §102(a)(1)
"A person shall be entitled to a patent unless . . . the invention was patented or described in a printed publication in this or a foreign country or in public use or **on sale** in this country, more than one year prior to the date of the application for patent in the United States." (emphasis added).	"A person shall be entitled to a patent unless . . . the claimed invention was patented, described in a printed publication, or in public use, **on sale, or otherwise available to the public** before the effective filing date of the claimed invention." (emphasis added).

The briefing and arguments at the Supreme Court focused squarely on whether the inclusion of the phrase "or otherwise available to the public" changed the meaning of "on sale" to remove alleged "secret sales" as invalidating prior art. Helsinn argued that it had, but the Supreme Court declined to adopt that rationale in view of the term's well-settled meaning pre-AIA. For example, during oral arguments, Justices Kagan and Kavanaugh probed for the existence of Congressional intent to change what was otherwise settled law pre-AIA, noting that express attempts to change the meaning of "on sale" had been rejected. (Tr. of Oral Arg. at 26-29.) The Court's opinion made clear that the phrase "or otherwise available to the public" was "simply not enough of a change for us to conclude that Congress intended to alter the meaning of the reenacted term 'on sale.'" (Slip op. at 8).

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Rather, the Court found that the purpose of the catchall phrase was to "capture material that does not fit neatly into the statute's enumerated categories but is nevertheless meant to be covered." (Id.)

This case garnered significant attention from the patent bar, with over two-dozen *amicus* briefs filed. Helsinn even agreed to split oral argument time with the Deputy Solicitor General for the United States. Given the Federal Circuit's recent track record at the Supreme Court, many expected a reversal, particularly because this was the first time the Supreme Court heard a case involving Section 102 of the AIA. However, in issuing a unanimous opinion less than two months after oral argument, it was clear that the Justices believed the Federal Circuit got this one right.

One of the many goals of the AIA was to encourage the early filing of patent applications with the United States Patent and Trademark Office. The *Helsinn* decision reaffirms that guiding principle and encourages inventors to work closely with commercial teams and patent counsel to avoid any potential loss of rights down the road.