Secret Sales Still "On Sale" For Patent Purposes

Article
January 25, 2019

On January 22, 2019, the U.S. Supreme Court handed down its decision in *Helsinn Healthcare S.A. v. Teva Pharmaceuticals Inc.* The *Helsinn* case asked whether a sale of an invention to a third party, where the third party is required to keep the invention confidential, places the invention "on sale" under the America Invents Act (AIA), thus potentially barring the ability to patent the invention. The Supreme Court held that such a sale does fall within the provision of the AIA.

Broadly speaking, an invention may be considered "on sale" when the invention is a) the subject of a commercial offering for sale and b) otherwise ready for patenting. In its most straightforward form, an invention will be "on sale" if it is sold in a store, or otherwise to the general public. However, other types of sale, such as to a company, may occur, particularly when the invention is the property of a larger business.

Businesses may engage in a sale, or other type of disclosure, of an invention to a third party for a number of reasons, such as marketing, manufacturing, and distribution. Often, such sale or disclosure will include a confidentiality clause, meaning that the public at large will not have access to the details of the invention. Helsinn argued that, in entering into an agreement with its manufacturer, the presence of such a confidentiality clause meant that its invention was not "on sale" under the AIA because the details were not available to the public; all that the public had access to was the press release announcing the partnership.

The Supreme Court affirmed its previous, pre-AIA precedent in *Helsinn*, saying that a sale (or an offer to sell) need not make an invention available to the public to fall within the on-sale bar. Although the AIA added the phrase "or otherwise available to the public" to the language of the on-sale bar, the Supreme Court found that this phrase serves as a catchall, not as a limiter. A business, therefore, may not need to formally sell its invention in order to run up against this bar; it may be sufficient, for example, to demonstrate a new invention at a trade show.

The one-year limitation of the on-sale bar still exists, meaning that a business has one year from the time of first sale or first demonstration to file a patent application on the invention being sold. In light of *Helsinn*, it is especially important for businesses to note the date of that first disclosure and ensure that an application is put on file within one year of that date (assuming one was not filed previous to the disclosure). Otherwise, even a confidential sale that the

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general public is not privy to the details of has the ability to prohibit patent protection. Of course, the invention owner will also need to ensure that it is the first to file for a patent, given the transition to the first-to-file system under the AIA; accordingly, it remains the best practice to begin the patent process before any disclosure is made.

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