THINK FORWARD

Secret Sales: Do You Dare?

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Prior to the implementation of the Leahy–Smith America Invents Act ("AIA"), the "on sale" bar could be triggered by secret sales and offers-for-sale. The AIA rewrote the on-sale bar provision of 35 U.S.C. §102 and injected a crucial uncertainty into when rights are lost by reciting, in part:

(a) Novelty; Prior Art. - A person shall be entitled to a patent unless -
(1) 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;

The AIA introduction of "otherwise available to the public" into §102 has created a controversy about whether the AIA established a new standard for the on-sale bar: that commercial sales or offers for sale of the invention must now be made available to the public for the on-sale bar to trigger. Note that while the examination guidelines published by the U.S. Patent and Trademark Office ("USPTO") boldly assert that "secret sale or use activity does not qualify as prior art," those guidelines are not binding on a court. In *Helsinn*[1], one district court addressed this uncertainty. After considering arguments on the plain language meaning of the statute, the USPTO's guidelines, the AIA Committee Report, and public policy considerations underlying the passage of the AIA, the court concluded that AIA § 102(a)(1) does in fact require a public sale or offer for sale of the claimed invention. The case is currently on appeal to the Federal Circuit, with the briefs raising the public sale issue for review. The case presents the Federal Circuit with an opportunity to end more than three years of uncertainty on this pivotal issue.

[1]*Helsinn Healthcare S.A., et al. v. Dr. Reddy's Laboratories Ltd., et al.*, Civil Action No. 11-3962 (D.N.J. March 3, 2016)

Contact Us

If you have any questions or wish to discuss how this decision impacts your business, please contact one of our Brinks Attorneys.