Akin®

## Federal Circuit Clarifies the On-Sale Bar Under the AIA: No Public Disclosure of the Invention Is Required if the Existence of the Sale Is Public

May 8, 2017

Reading Time : **2 min**

More than one year before the filing date of the patents, Helsinn entered into a purchase agreement with a third party to distribute a chemotherapy-related drug. Certain aspects of the agreement were made public in Securities and Exchange Commission filings, but the details of the invention were redacted. Helsinn was eventually granted four patents on the chemotherapy-related drug, including one post-AIA patent (the "'219 patent"). The district court, however, held that, although there was a sale, it did not trigger the on-sale bar on the '219 patent because § 102 under the AIA now "requires a *public* sale or offer for sale of the claimed invention."[1] The district court stated that, to be "public" under the AIA, the sale must publicly disclose the details of the patented invention.

The Federal Circuit disagreed and reversed the decision. First, the court recognized that there were no statements by Congress that, under the AIA, "the sale or offer documents must themselves publicly disclose the details of the claimed invention before the critical date." Notably, even if Congress intended to overrule "secret or confidential" sales, it discussed only cases that were "concerned entirely with whether *the existence* of the sale or offer was public," not whether the invention itself was publicly disclosed. The Federal Circuit held that by including "otherwise available to the public" in the AIA, Congress intended that "the public sale itself would put the patented product in the hands of the public." Here, it was undisputed that the existence of Helsinn's purchase agreement (i.e., the sale) was public, which the Federal Circuit found met any "public" requirement under the AIA.

Second, the Federal Circuit emphasized that "[r]equiring such a disclosure as a condition of the on-sale bar would work as a *foundational change* in the theory of the statutory on-sale

bar." The court cited a litany of its cases that explicitly rejected any "requirement that the details of the invention be disclosed in the terms of sale." The court then relied on the primary purpose of the on-sale bar: "publically offering a product for sale that embodies the claimed invention that places it in the public domain, regardless of when or whether actual delivery occurs."

Ultimately, the Federal Circuit declined to "decide this case more broadly than necessary." Notably, the court concluded that, "after the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of the sale." The court refused to "find that distribution agreements will always be invalidating under § 102(b)," but instead found that the particular supply agreement at issue was invalidating.

*Helsinn Healthcare S.A. v. Teva Pharm. USA, Inc.*, No. 2016-1284, 2016-1787 (Fed. Cir. May 1, 2017)

---

[1] On the three pre-AIA patents, the district court held that there was a sale, but that the sale did not trigger the on-sale bar because the invention was not "ready for patenting" at the time of the sale.

## Categories

Federal Circuit | 35 U.S.C. § 102 | America Invents Act

other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.