ARE Patent Law Alert:
SUPREME COURT TO CLARIFY â€˜ON SALEâ€™ BAR IN HELSINN HEALTHCARE S.A. V. TEVA PHARMS. USA, INC.

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On June, 25, 2018, the U.S. Supreme Court granted certiorari in *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, No. 17-1229 to address the scope of the “on-sale bar” after the Leahy-Smith America Invents Act (“AIA”). Specifically, the Court will consider whether confidential prior sales of an invention trigger the on-sale bar, and qualify as prior art that can invalidate a patent under the AIA verion of 35 U.S.C. §102(a)(1). The Supreme Court agreed to hear Helsinn’s appeal of the Federal Circuit decision invalidating a patent under the post-AIA version of the on-sale bar based on a secret sale.

Question Presented

Helsinn’s Petition presents the issue as follows:

Whether, under the Leahy-Smith America Invents Act, an inventor’s sale of an invention to a third party that is obligated to keep the invention confidential qualifies as prior art for purposes of determining the patentability of the invention.

Federal Circuit Decision

The decision by the Federal Circuit below dealt with the interpretation of the post-AIA on-sale bar under 35 U.S.C. § 102(a)(1), which provides that a patent can be rendered invalid if the invention was “on sale” more than one year before the filing date of the patent application. Section 120(a)(1) reads in pertinent part:

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A person shall be entitled to a patent unless … the claimed invention was … on sale, or otherwise available to the public before the effective filing date of the claimed invention.

The Federal Circuit held that the on-sale bar can be triggered even when the buyer is required to keep the invention confidential. Specifically, the court held, "after the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in terms of sale" for the sale to be invalidating. *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 855 F.3d 1356, 1371 (Fed. Cir. 2017).

After determining that a sale had occurred, the Federal Circuit looked to the language of the statute and legislative history of the AIA. *See id* at 1371. The Federal Circuit rejected Helsinn's (and several amici's) argument that the AIA changed the law by adding the phrase "or otherwise available to the public" to Section 102, such that a sale must make the invention available to the public in order to trigger application of the on-sale bar. In rejecting this argument, the Federal Circuit reasoned that requiring the details of the claimed invention to be publicly-disclosed before the on-sale bar is triggered would be a foundational change in the theory of the statutory on-sale bar, because the law is clear that "publicly offering a product for sale that embodies the claimed invention places it in the public domain, regardless of when or whether actual delivery occurs." *Id.* at 1369-70. As such, the Federal Circuit found the patent at issue to be invalid. *See id*.

The Federal Circuit denied Helsinn's petition for panel rehearing and rehearing en banc, with Judge O'Malley authoring a concurrence opining that Helsinn's petition and various amici briefs filed in support thereof "mischaracterize certain aspects of [the] panel opinion and advance policy-based criticisms about aspects of the law that [the Federal Circuit] court is not at liberty to change."

We will continue to monitor the developments in this case. In the meantime, should you have any questions please feel free to contact one of our lawyers.

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