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Publications

Federal Circuit Clarifies that Private Sales are Still Prior Art

Prior to enactment of the America Invents Act (AIA), almost any sale of a product would start the one-year (grace period) clock ticking for filing a patent application. After that time, an inventor would be forever barred from obtaining a patent. It generally didn't matter if the sale was confidential or public, whether it provided details of the invention or not, and even if it was only an agreement to sell. After the AIA, some people speculated, and a District Court decided, that the law had changed. According to that decision, the sale of an invention, which did not disclose the details of the invention, did not prevent an inventor from obtaining a patent, no matter how much time passed before the patent application was filed.

Monday, the Federal Circuit overruled that decision in *Helsinn v. Teva*. The appeals court decided that the AIA did not substantially change the law. A sale still starts the clock and could prevent an inventor from obtaining a patent after the one-year grace period. In this case, Helsinn agreed to supply MGI with a new drug, palonosetron. While the details of the invention were not disclosed, the existence of the agreement itself was made public through MGI's 8-K filing with the SEC. The appeals court explained that, while all the details of the invention were not publicly disclosed by the sale, the existence of the sale was public, and so was still a public disclosure. As a result of that disclosure, Helsinn's patent was found invalid because the grace period expired before the patent application was filed.

The appeals court refused to decide if truly secret sales, ones that are not known to the public, qualify as prior art, but appears to suggest that they do. The best advice continues to be to file a patent application before making contracts to manufacture or distribute products that include new inventions.

For more information, please contact Scott Conley or any other attorney in Frost Brown Todd's Intellectual Property Law and

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