

Supreme Court: Private Sales are Still Prior Art under the America Invents Act

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Prior to the America Invents Act (AIA), a person could not obtain a patent on an invention that was "on sale" before the effective filing date of the application (and the one-year grace period). When the AIA was enacted, the statute was modified to bar patents for inventions that were *"on sale, or otherwise available to the public"* before the effective filing date of the application (and grace period). The added catchall phrase, "or otherwise available to the public," seemed to some to indicate that the sale must have been to the public for it to prevent a patent from issuing. The Supreme Court decided in *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., ET AL*. that the added language does not change the meaning of the "on sale" bar as previously understood.

Helsinn is a pharmaceutical company that developed palonosetron, a drug that treats chemotherapy-induced nausea and vomiting. It entered into agreements with MGI Pharma Inc, another pharmaceutical company, to market and distribute the drug. Helsinn and MGI announced the agreements but did not disclose the nature of the invention.

More than a year later, Helsinn filed a patent application that covered the drug. Teva sought U.S. Food and Drug Administration approval to sell a generic version of the drug, and Helsinn sued for infringement of its patents.

The District Court concluded that the "on sale" bar did not apply because the catchall phrase added in the AIA required that the sale be public. The Federal Circuit reversed this decision. It found that because the existence of the sales agreement between Helsinn and MGI was publicly disclosed, even though the terms were not, the "on sale" bar did apply. The question for the Supreme Court was whether the "private sale" triggered the "on sale" bar.

The Supreme Court settled the matter, finding that a private sale, regardless of its public disclosure, is a bar to patentability. The

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added catchall phrase, “or otherwise available to the public,” is not a strong enough indicator that Congress intended to change the settled meaning of the “on sale” bar.

The best advice continues to be to file a patent application before making any offers for sale of an invention.

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