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SUPREME COURT HOLDS CONFIDENTIAL SALES ARE PRIOR ART UNDER THE AIA

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On January 22, 2018, in a unanimous opinion penned by Supreme Court Justice Clarence Thomas, the United States Supreme Court affirmed the United States Court of Appeals for the Federal Circuit's decision holding that a commercial sale to a third party who is required to keep the invention confidential may place the invention "on sale" under 35 USC §102(a) and that the meaning of the phrase "on sale" did not change with the implementation of the America Invents Act ("AIA"). Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA Inc., 586 U.S. ____ (2019)

Background

Helsinn Healthcare S.A. ("Helsinn") had entered into two agreements with another company granting that company rights to sell a 0.25 mg dose of the chemical palonosetron. The agreement required that the company keep any proprietary information received from Helsinn confidential. Almost two years later, Helsinn filed a provisional patent application directed a 0.25 mg dose of palonosetron. A series of patent applications were filed off of this provisional patent application, including a fourth patent application, filed in 2013 (and thus post-AIA), that issued as U.S. Patent No. 8,598,219 ("the '219 Patent"). The '219 Patent claims a dose of 0.25 mg of palonosetron in a 5 ml solution.

Helsinn sued Teva Pharmaceutical Industries, Ltd., and Teva Pharmaceuticals USA, Inc. (collectively "Teva") for infringing its patents, including the '219 Patent. Teva argued that the '219 Patent was invalid under 35 USC §102(a), precluding a person from obtaining a patent on an invention that was "in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention". Teva prevailed at the District Court level, with the Court holding that the AIA's "on sale" provision did not apply because the public disclosure of the agreements did not disclose the 0.25 mg dose.

The Federal Circuit Decision

In reversing the District Court's decision, 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).

The Supreme Court Decision

In an unanimous decision (authored by Justice Thomas), the Court concluded that the pre-AIA precedent on the meaning of “on sale” applied equally to the post-AIA law. Noting that the language in USC §102(a) was kept the same, with the exception of the phrase “otherwise available to the public”, the Court reasoned that the intention of Congress was to keep the settled meaning of the term “on sale”. The Court declined to read in any additional meaning to “on sale” from the new phrase, concluding that it was meant only as a catchall and not as modifier to the language (including the term “on sale”) prior to it.

For more information please contact one of our attorneys.

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