Published on *The National Law Review* https://natlawreview.com

Supply Agreement Can Trigger On-Sale Bar

Article By:

Michael J. Turgeon

Sudip K. Mitra

In *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.*, the Federal Circuit held that after the AIA, if the existence of a sale is public, the details of the invention need not be publicly disclosed for the sale to be invalidating under 35 U.S.C. § 102, which states in relevant part: "A person shall be entitled to a patent unless the claimed invention was patented, described in a printed publication, or in public use, **on sale**, or otherwise available to the public before the effective filing date of the claimed invention."

Helsinn brought suit against Teva alleging that the filing of Teva's Abbreviated New Drug Application constituted an infringement of various claims of Helsinn patents. Teva defended, *inter alia*, on the ground that *the asserted claims were invalid under the on-sale bar provision of 35 U.S.C. § 102*. The district court found that the patents-in-suit were not invalid.

The pre-filing sale, at issue, was a supply and purchase agreement disclosed in an 8-K SEC filing that included a redacted version of the contract. Helsinn argued that the AIA did more than overrule the "secret sale" cases, and relied on the "otherwise available to the public" language in the statute and the floor statements in the Congressional Record. Helsinn argued that those statements suggested that the on-sale bar does not apply unless the sale "disclose[s] the invention to the public" before the critical date. The Federal Circuit disagreed that Congress required the details of the claimed invention to be publicly disclosed before the *on-sale* bar is triggered, as such disclosure as a condition of the *on-sale bar would work a foundational change in the theory of the statutory on-sale bar*. The court held the supply agreement that Helsinn entered into, before filing its patents, and disclosed as part of the SEC filing triggered the on-sale bar under AIA 35 U.S.C. 102(a).

Please note, that, the Federal Circuit declined the invitation to decide this matter more broadly than necessary, and limited its ruling to the issue of sales, said nothing about public use in general, as that issue was not before the panel under these facts.

Take-away: Do not enter into an agreement to sell a product that covers an invention outside of a confidential relationship before a patent application is filed.

National Law Review, Volume VII, Number 123