From: **Prof. Dennis Crouch** dcrouch@patentlyo.com
Subject: Dennis Crouch's Patently-O Daily Review: Supreme Court: Secret Sales are Still Prior Art
Date: January 23, 2019 at 4:02 AM
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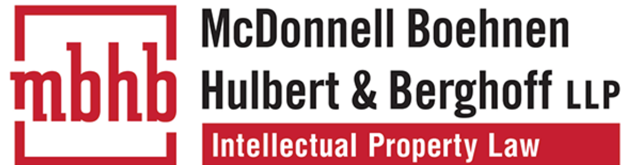

From Today:

[Supreme Court: Secret Sales are Still Prior Art](#)

by Dennis Crouch

Helsinn Healthcare v. Teva Pharma USA ([Supreme Court 2019](#))

The Supreme Court has affirmed the Federal Circuit's interpretation of the "on sale bar" — holding that "Congress *did not* alter the meaning of 'on sale' when it enacted the AIA." The particular focus here was whether "secret" sales continue to qualify as prior art under the revised Section 102. Here, the court says yes — "an inventor's sale of an invention to a third party who is obligated to keep the invention confidential can qualify as prior art under §102(a)."

> In light of this settled pre-AIA precedent on the meaning of "on sale," we presume that when Congress reenacted the same language in the AIA, it adopted the earlier judicial construction of that phrase. . . . Given that the phrase "on sale" had acquired a well-settled meaning when the AIA was enacted, we decline to read the addition of a broad catchall phrase [otherwise available to the public] to upset that body of precedent.

After deciding that the AIA did not change the law, the Supreme Court also took some time to address the question of *what is the law*. An interesting aspect of the decision here is that the Supreme Court has never expressly addressed the question of whether or the extent that an offer or sale must be public. However, the court noted its prior implicit precedent that secret sales count as prior art:

> Although this Court has never addressed the precise question presented in this case, our precedents suggest that a sale or offer of sale need not make an invention available to the public. . . . The Federal Circuit … has made explicit what was implicit in our precedents. It has long held that "secret sales" can invalidate a patent. E.g., Special Devices, Inc. v. OEA, Inc., 270 F. 3d 1353 (2001) (invalidating patent claims based on "sales for the purpose of the commercial stockpiling of an invention" that "took place in secret"); Woodland Trust v. Flowertree Nursery, Inc., 148 F. 3d 1368 (1998) ("Thus an inventor's own prior commercial use, albeit kept secret, may constitute a public use or sale under §102(b), barring him from obtaining a patent"). . . .
>
> Given that the phrase "on sale" had acquired a well-settled meaning when the AIA was

> enacted, we decline to read the addition of a broad catchall phrase to upset that body of precedent.

The Supreme Court decision is short – nine pages of text – and unanimous – authored by Justice Thomas.

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- Jan Wolfe: Apple Loses Bid to Undo $440 Million Judgment in VirnetX Patent Case (Source: Reuters)
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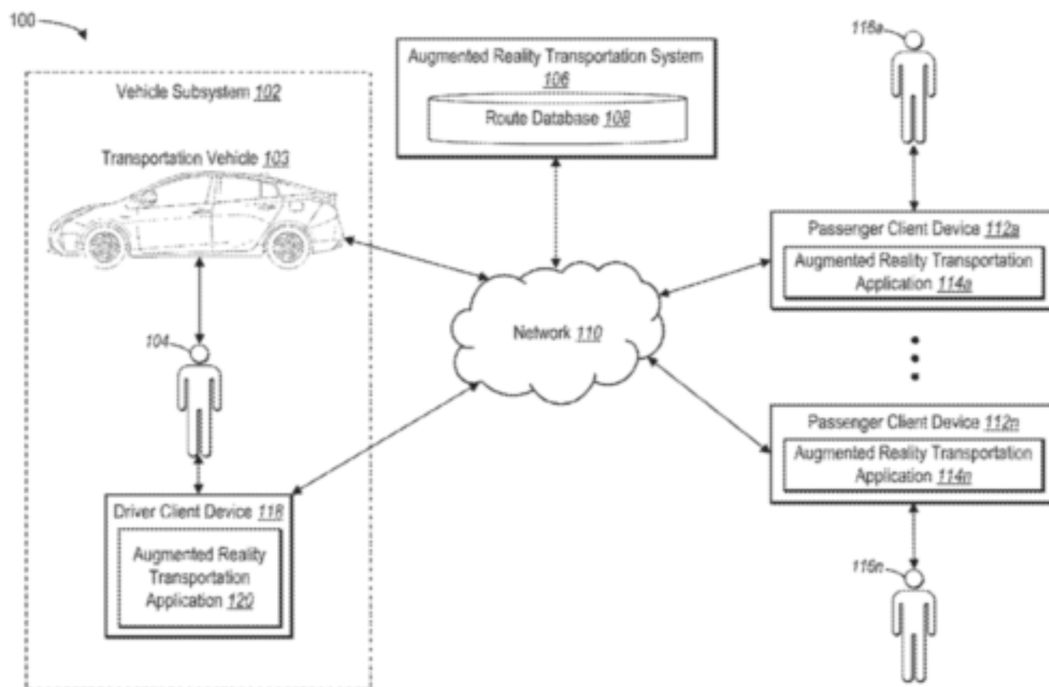

Source: USPTO

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- Prof. Diana Shao: Innovation Competition, Payouts and Cash Holdings (Source: SSRN)

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