JONES DAY

ALERT

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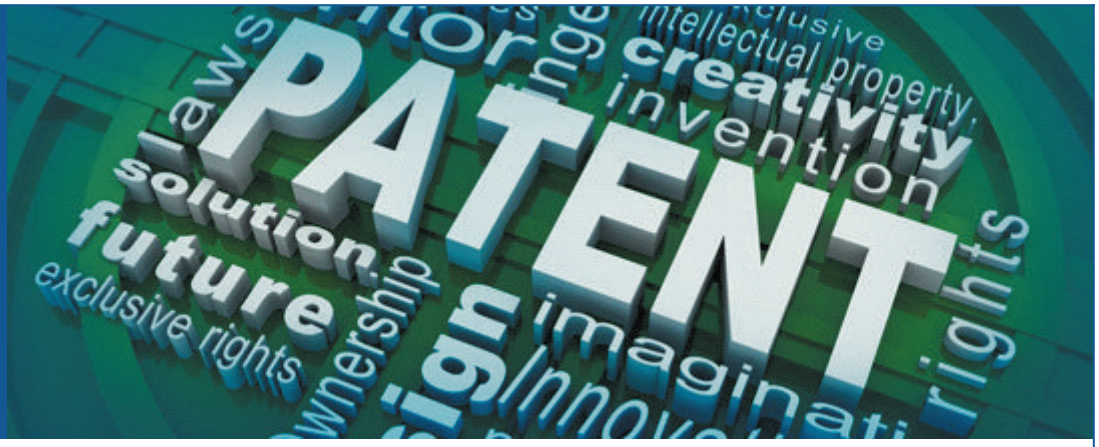

Secret Sales Are Still Prior Art: U.S. Supreme Court Affirms *Helsinn Healthcare*

The Supreme Court unanimously finds that the AIA's "on sale" statutory language did not alter the pre-AIA "on-sale" bar.

On January 22, 2019, the U.S. Supreme Court held that the America Invents Act ("AIA") did not change the on-sale bar in pre-AIA §102(b). *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.*, 586 U.S. __ (2019). Applying pre-AIA precedent, the Supreme Court expressly confirmed for the first time that secret sales or offers of sale—those not disclosed to the public—can constitute prior art.

The alleged "secret sale" at issue involved medications developed by Helsinn to combat the negative effects of chemotherapy. In 2001, Helsinn entered into an agreement with a partner to market and distribute the medications. Helsinn and its partner publicized the existence of their agreement but did not publicly disclose the underlying chemical formulations of its medications until filing a patent application several years later.

In reaching its decision, the Court noted that although it had never directly addressed the question, the Federal Circuit's pre-AIA precedent has long held that "secret sales" can invalidate a patent. *Id.* at *7. The Court then compared the pre-AIA statutory language to the text of the AIA to determine whether Congress intended to alter the meaning of "on sale" and noted that the only relevant change in the AIA was the addition of the catchall phrase "or otherwise available to the public." *Id*. In light of the settled pre-AIA precedent on the meaning of "on sale," the Court "presume[s] that when Congress reenacted the same language in the AIA, it adopted the earlier judicial construction of that phrase." *Id*. The addition of the catchall phrase "is simply not enough of a change for us to conclude that Congress intended to alter the meaning of the reenacted term 'on sale.'" *Id*. at *8.

Accordingly, in a rare affirmance of the Federal Circuit, the Court held that the AIA's on-sale bar, like the related pre-AIA provision, applies to secret sales and offers for sale. Secret sales and offers for sale may therefore constitute invalidating prior art when the sale or offer is a "commercial offer" of a product embodying the invention, and the invention is "ready for patenting." *See Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998).


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