IP Musings with Learned Paw and Percy the Lizard

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by Jiyong David Chung

Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc. (May 2017) In appealing from a decision from the District Court, Teva asserted that Helsinn's patent for a drug was invalid, because the drug was on sale more than one year prior to the filing date of the patent. Before the AIA, 35 U.S.C. § 102(b) barred the patentability of an invention that was "on sale … more than one year prior to the date of the application for patent." 35 U.S.C. § 102(b).

Helsinn countered, arguing that, by enacting the AIA, Congress amended 35 U.S.C. § 102 to bar the patentability of an invention on sale only if the terms of the sale fully disclosed the invention. For support, Helsinn cited to the legislative history of 35 U.S.C. § 102(a)(1) (e.g., floor statements made by Congressmen).

Rejecting Helsinn's argument, the Federal Circuit reversed. The court said, "The floor statements do not identify any sale cases that would be overruled by the amendments. Even if the floor statements were intended to overrule those secret or confidential sale cases discussed above …, that would have no effect here since those cases were concerned entirely with whether the existence of sale or offer was public [and it is clear that the sale of Helsinn drug was public]" (opinion at 21).

With respect to Helsinn's core argument that the AIA on-sale bar does not apply unless the sale fully discloses the invention to the public, the court said that requiring such disclosure as a condition of the on-sale bar would work a foundational change in the theory of the statutory on-sale bar, citing to *Pennock v. Dialogue*, 27 U.S. (2 Pet.) (1829). In *Pennock*, the Supreme Court had expressed that, by disqualifying sales that do not disclose the invention as bars to patentability, inventors would be allowed to enjoy monopoly for terms longer than that envisioned by legislators. Some inventors would keep the details of their inventions secret, until the moment they felt compelled to obtain patents for the inventions.

Since *Pennock* was penned in 1829, the conditions under which its ruling made sense have changed. For example, the US is in the first-to-file system, where the role of the on-sale bar is different than it used to be. In addition, today, it is easier to expose the inner workings of an invention through reverse-engineering or by corporate espionage. It seems unlikely that a rational businessman would delay filing an application and risk having the ingredients of his "secret sauce" revealed to others.

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