

Abstract

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THE ON-SALE BAR AFTER PFAFF

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I. Introduction

The Institute for Intellectual Property and Information Law at the University of Houston Law Center publishes “www.patstats.org,” providing United States patent litigation statistics. Specifically, with respect to the issue of validity, in 2000, the alleged infringer “won” the issue 53 percent of the time and the patent was held invalid, while the patentee “won” the issue only 47 percent of the time, and the patent was held valid. In 2001, the patentees fared much better, with the alleged infringer “winning” the issue 28 percent of the time, and the patentee “winning” the issue 72 percent of the time.

A finding of invalidity is a win for an alleged infringer and a loss for the patentee. The means of reaching an invalid verdict are therefore of great concern to patent practitioners and inventors. This paper explores the On-Sale Bar found in section 102(b) and its application to a finding of patent invalidity during litigation. A finding of invalidity under section 102(b) can be avoided through careful planning during the prosecution of the patent. An examination of the

case law on this issue gives rise to practice tips that can be employed by the patent practitioner during prosecution to later avoid a finding of invalidity during litigation.

II. 35 U.S.C. § 102(b) – On-Sale Bar

Section 102(b) provides that, “a person shall be entitled to a patent unless—the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the U.S.”¹ Therefore, section 102(b) provides three reasons why a person would not be entitled to a patent: (1) a patent or printed publication; (2) public use; and (3) on sale. The on-sale bar provides that a person is not entitled to a patent under section 102(b) if the invention was “on sale in this country” more than one year prior to the date of the application for the patent. According to “patstats.org,” in 2000, the patentee prevailed five times and the alleged infringer prevailed ten times when the on-sale bar issue arose. In 2001, the patentee prevailed eight times with the alleged infringer prevailing five times. In the first two quarters of 2002, the patentee prevailed eight times with the alleged infringer prevailing eleven times. Therefore, when the on-sale bar issue arises, more likely than not, the patent at issue is invalidated.

III. Supreme Court Case of *Pfaff v. Wells Electronics*

In 1998, the Supreme Court decided the case of *Pfaff v. Wells Electronics, Inc.*² The case addressed the issue of the on-sale bar under section 102(b), and set out a new test to be applied by the courts in determining a patent’s validity:

The on-sale bar applies when two conditions are satisfied before the critical date [one year before the patent application filing date]. First, the product must be the offer of a commercial offer for sale ... Second, the invention must be ready for patenting ... by proof of reduction to practice before the critical date; or by proof that prior to the critical

¹ 35 U.S.C. § 102(b) (2000).

² *Pfaff v. Wells Elec., Inc.*, 525 U.S. 55 (1998).

date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.³

In this case, Pfaff had developed a device and made sales of that device prior to April 8, 1981, and these devices were shipped in July of 1981. Pfaff did not file a patent application on the device until April 19, 1982. Since Pfaff made sales of the device prior to the critical date of April 19, 1981, the claims of the patent were invalid.

The Supreme Court reversed the holdings of earlier courts and held that a product can be “on-sale” even if the product has not yet been reduced to practice. Pfaff’s drawings and descriptions, which he sent to the seller, were sufficiently detailed to enable a person skilled in the art to make and use his device, and were also sufficiently detailed to be the basis of a patent application. The Supreme Court also discussed the policy considerations of the patent system being a balance between encouraging creation and disclosure of new technology and a limited period of exclusive use for the inventor. The Court reaffirmed the experimental use exception by recognizing the distinction between experimental use and commercial sales.

IV. CAFC Cases after the Pfaff Decision

The Supreme Court’s *Pfaff* decision is very short (approximately six pages in the reporter), therefore, leaving a number of the details with respect to implementation of the new test to the Court of Appeals for the Federal Circuit (“CAFC”). We therefore defer to the CAFC to guide us, particularly with respect to the qualifications of a “commercial offer for sale.”

A. Patent’s Presumption of Validity

The CAFC has stated that there is a statutory presumption of validity found at section 282, specifically, “A patent is presumed to be valid,...and this presumption can only be

³*Id.* at 56.

overcome by clear and convincing evidence of facts to the contrary. Whether a patent is invalid for a public use or sale is a question of law based on underlying facts.”⁴ The CAFC has also discussed the deference due to the United States Patent and Trademark Office (“USPTO”) in determining the patentability of an application by interpreting references. Specifically, the CAFC has stated, “The presumption of validity reflects the deference due the PTO’s determination of patentability and the administrative regularity underlying the patent grant.”⁵

The standard applied to the on-sale bar is a question of law, based on underlying facts. The CAFC has provided a clear explanation of the evidentiary standard required to establish a finding of invalidity based on the on-sale bar. In *Tec Air*, the court held that the defendant:

[M]ust demonstrate by clear and convincing evidence that there was a definite sale or offer to sell more than one year before the application for the subject patent, and that the subject matter of the sale or offer to sell fully anticipated the claimed invention or would have rendered the claimed invention obvious by its addition to the prior art.⁶

B. Claim Construction

To invalidate a patent claim, the claim terms and the claim as a whole must be construed to determine their meaning and scope. Once the scope and meaning of the claim is determined, then it can be determined if the prior art anticipates the claim. The CAFC, in *Helifix Ltd.*, discussed the steps of claim construction:

The first step of an anticipation analysis is claim construction. Claim construction is a question of law that we review *de novo*. In construing patent claims, we look to the intrinsic evidence of record — the claims, the specification, and, if in evidence, the prosecution history. If intrinsic evidence resolves all ambiguities, extrinsic evidence is not considered.⁷

⁴Dana Corp. v. Am. Axle & Mfg., Inc., 279 F.3d 1372, 1375 (2002).

⁵Dethmers Mfg. Co., Inc. v. Automatic Equip. Mfg. Co., 293 F.3d 1364, 1365 (2002).

⁶Tec Air, Inc. v. Denso Mfg. Michigan Inc., 192 F.3d 1353, 1358 (1999).

⁷Helifix Ltd. v. Blok-Lok, Ltd., 208 F.3d 1339, 1346 (2000).

C. Claim Analysis

Following *Pfaff*, a series of cases on the issue of invalidity and the on sale were heard by the CAFC. One of the earliest of these cases was *Scaltech Inc. v. Retec/Tetra, L.L.C.*⁸ (“Scaltech I”), where the CAFC reheard a previously decided case “to take account of the intervening Supreme Court decision in *Pfaff*.”⁹ The *Scaltech* court held that the “analysis must be whether the barring activity met each of the limitations of the claim, and thus was an embodiment of the claimed invention.”¹⁰

After construing the claims, the second step in the anticipation analysis is to compare the construed claims to the prior art. For a reference to anticipate, “a prior art reference must ‘disclose each and every limitation of the claimed invention[,] ... must be enabling[,] and [must] describe ... [the] claimed invention sufficiently to have placed it in possession of a person of ordinary skill in the field of the invention.’”¹¹ However, if a patent claim has multiple embodiments or compositions, only one of them need be sold to anticipate the claim. Therefore, as held in *Brasseler*, “it is not necessary ... to show that all embodiments of the invention were on sale more than one year before filing. It is sufficient to show that one embodiment of the invention was offered for sale.”¹²

The CAFC, in *Dana Corp.*, further explained the claim limitation analysis requirement. The court held claims cannot be invalidated in a wholesale fashion, because each claim of a patent is presumed valid, and must be analyzed independently. Specifically, the court stated,

⁸*Scaltech Inc. v. Retec/Tetra, L.L.C.*, 178 F.3d 1378 (1999) [hereinafter *Scaltech I*].

⁹*Id.* at 1380.

¹⁰*Id.* at 1383.

¹¹*Helifix*, 208 F.3d at 1346.

¹²*Scaltech Inc. v. Retec/Tetra, L.L.C.*, 269 F.3d 1321, 1330 (2001) [hereinafter *Scaltech II*].

“[A] court may not invalidate the claims of a patent without construing the disputed limitations of the claims and applying them to the allegedly invalidating acts.”¹³ Similar to the court holding in *Schumer*, the *Sandt* court held that “[b]ecause dependent claims contain additional limitations, they cannot be presumed to be invalid as obvious just because the independent claims from which they depend have been properly so found.”¹⁴

The claim analysis may not be required where the sale of the defendant’s products infringed the claims. This circumstance was present in *Vanmoor*, and the claim analysis was not required since the patentee alleged that sales of the defendant’s products infringed its claims. These same sales were used to invalidate the claims under the on-sale bar (the defendants conceded infringement for the purposes of the on-sale bar analysis). Necessarily, if a product infringes a claim, then that product meets every claim limitation. In this case, infringing sales prior to the critical date served to invalidate the very claims they were infringing. Here, the court held:

Although Wal-Mart and the manufacturers bore the burden of proving that the cartridges that were the subject of the pre-critical date sales anticipated the ‘331 patent, that burden was satisfied by Vanmoor’s allegation that the accused cartridges infringe the ‘331 patent.¹⁵

D. Inherency

An offer for sale need not expressly state all of the claim limitations in order to invalidate the claim. The on-sale bar can invalidate a claim if the sale inherently anticipates all of the claim’s limitations. The *Scaltech I* court discussed the issue of inherency:

If the process that was offered for sale inherently possessed each of the claim limitations, then the process was on sale, whether or not the seller recognized that his process

¹³*Dana Corp.*, 279 F.3d at 1376.

¹⁴*Schumer v. Lab. Computer Sys., Inc.*, 308 F.3d 1304, 1316-17 (2002).

¹⁵*Vanmoor v. Wal-Mart Stores, Inc.*, 201 F.3d 1363, 1366 (2000).

possessed the claimed characteristics. Inherency may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient ... [h]owever, if the natural result flowing from the operation of the process offered for sale would necessarily result in achievement of each of the claim limitations, then [the] claimed invention was offered for sale.¹⁶

The CAFC again addressed the issue of inherency in *Scaltech II*. Following their holding in *Scaltech I*, the CAFC held that it is irrelevant whether or not the parties knew in which form of the product they were dealing. In *J.A. LaPorte*, a case very similar to *Abbot*, the court held, “The question is not whether the sale ... ‘discloses’ the invention at the time of the sale, but whether the sale relates to a device that *embodies* the invention.”¹⁷ Therefore, the CAFC has held that there is no requirement that the invention be recognized or appreciated,¹⁸ but rather, “[i]nherency is established if ‘the natural result flowing from the operation as taught would result in the performance of the questioned function.’”¹⁹

E. Commercial Offer for Sale

The CAFC has addressed the issue of what qualified as a “commercial offer for sale” a number of times since the *Pfaff* decision. Many patentees have invited the CAFC to develop exceptions to the general rule, and have met with limited success, as discussed below in Section F. However, the “experimental use” exception is still viable law, and will be discussed further in Section G.

The CAFC defined a sale as “a contract between parties to give and to pass rights of property for consideration which the buyer pays or promises to pay the seller for the thing bought

¹⁶*Scaltech I*, 178 F.3d at 1383-84.

¹⁷*Abbott Laboratories v. Geneva Pharm., Inc.*, 182 F.3d 1318, 1318-19 (1999).

¹⁸*Scaltech II*, 269 F.3d at 1330.

¹⁹*Id.* at 1329.

or sold.”²⁰ The parties to the contract must be separate entities, which the CAFC defines as lack of common ownership or control.²¹ The *Pfaff* court held that an offer is analyzed under common law and Uniform Commercial Code (“UCC”) contract law principles:

In *Pfaff*, the Supreme Court noted that the norms of traditional contract law should be the basis for the on-sale determinations under § 102(b);] ... an offer for sale, whether made before or after a patent is applied for, or after it is granted, requires no more than a commercial offer for sale. Both sections [102(b) & 271(a)] invoke the traditional contractual analysis;] ... the meaning of ‘offer to sell’ is to be interpreted according to its ordinary meaning in contract law, as revealed by traditional sources of authority.²²

In *Pfaff*, the Supreme Court adopted the common law of contracts approach to bring greater certainty to the on-sale bar analysis. In applying the common law approach, the CAFC has held that the subject is a matter of Federal Circuit law to ensure uniformity:

[T]o be analyzed under the law of contracts as generally understood ... we will look to the Uniform Commercial Code (“UCC”) to define whether, as in this case, a communication or series of communications rises to the level of a commercial offer for sale ... Only an offer which rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under §102(b)... [C]ontract law traditionally recognizes that mere advertising and promoting of a product may be nothing more than an invitation for offers, while responding to such an invitation may itself be an offer.²³

In creating this body of Federal Circuit law, the CAFC has looked to other state and federal courts that have analyzed and interpreted the UCC, and have looked for common themes among their decisions in order that they may find a “common denominator for assistance in crafting the federal common law of contract that now governs the on-sale bar.”²⁴ Following, the Federal Circuit has defined an offer as “the manifestation of willingness to enter into a bargain,

²⁰Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp., 182 F.3d 888, 890 (1999).

²¹*Id.* at 890.

²²Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1254-55 (2000).

²³Group One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1041, 1047-48 (2001).

²⁴Linear Tech. v. Micrel, Inc., 275 F.3d 1040, 1048 (2001).

so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it.”²⁵

The on-sale bar can be satisfied by a sale or by an offer for sale. If only the offer portion of the sale occurred prior to the critical date, and the remainder of the sale occurred after the critical date, then the claim can still be held invalid: “The fact that delivery was set for dates after the critical date is irrelevant to the finding of a commercial offer to sell.”²⁶ Even if there is only an offer, the on-sale bar can be satisfied: “An offer for sale does not have to be accepted to implicate the on sale bar.”²⁷

In the *Linear Tech.* case, the CAFC addressed a number of preliminary activities. The court held none of the activities constituted an offer, since none of the activities indicated intent to be bound. In particular, the preliminary activities at issue were:

(1) LTC’s solicitation of pricing information from its distributors and sales representatives; (2) LTC’s publication of preliminary data sheets and promotional information on the LT1070; (3) LTC’s communications to its sales force in its newsletters and via the sales conference in July of 1985, and the sales representatives’ communications with customers providing them with the LT1070 preliminary data sheets; and (4) sales representatives’ pre-critical date requests for LT1070 samples to give to specific customers.²⁸

The CAFC has reviewed a number of different activities as to whether or not they constitute an offer or a sale, providing guidance for the patent practitioner. Among these, the CAFC has held that providing samples of the product, without more, is not a commercial offer or sale, because there is no offer for the receiver of the samples to accept.²⁹ The CAFC has also held that a license of the patent rights is not a commercial offer for sale that would trigger the on-

²⁵*Id.* at 1050.

²⁶*STX, LLC v. Brine, Inc.*, 211 F.3d 588, 590 (2000).

²⁷*Scaltech II*, 269 F.3d at 1328.

²⁸*Linear Techn.*, 275 F.3d at 1049.

²⁹*Minnesota Mining and Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1308 (2002).

sale bar, specifically stating that “an assignment or sale of the rights in the invention and potential patent rights is not a sale of ‘the invention’ within the meaning of section 102(b) ... The ‘right to commercialize’ the invention granted to Celanese pursuant to the agreement in the form of a license is therefore insufficient to bar the claims of the ‘564 application under §102(b).”³⁰

For patent applications filed in the United States, the critical date is one year before the earliest filing date from which the application claims priority. For Patent Cooperation Treaty (“PCT”) applications, the critical date is determined differently, “Under 35 U.S.C. § 363, the United States filing date, for § 102(b) purposes, of a patent application filed under the PCT in which the United States is designated, is the date of the PCT application.”³¹

F. Unrecognized Exceptions

There are a number of circumstances that the CAFC has held to be irrelevant, and therefore, are examples of unrecognized exceptions. The CAFC has held that it is not relevant if the contract is cost-plus, or if the buyer will be using the products to determine their compatibility with the buyer’s application (if the product has already been reduced to practice): “A contract to supply goods is a sales contract, regardless of the means used to calculate payment and regardless of whether the goods are to be used for testing in a laboratory or for deployment in the field.”³² It is also irrelevant if the seller is the patentee or an unrelated third party; “the statutory on-sale bar is not subject to exceptions for sales made by third parties either

³⁰*In re Kollar*, 286 F.3d 1326, 1331 (2002).

³¹*Group One*, 254 F.3d at 1044.

³²*Zacharin v. United States*, 213 F.3d 1366, 1370 (2000).

innocently or fraudulently.”³³ The *Zacharin* court held that a third party, not the inventor, can make the sale or that the buyer can direct the product construction.³⁴

In *Brasseler*, CAFC declined to establish an exception to the on-sale bar for joint development.³⁴ Here the court plainly stated that it has never recognized the existence of a joint development exception to the separate entities requirement: “We decline Brasseler’s invitation to establish a new exception based on the fact (alleged) that it and DS Manufacturing were joint developers ... we have never recognized a ‘joint development’ exception to the ‘on sale’ bar.”³⁵

The issue of separate entities was addressed in *Netscape*, where the determining factor was held to be “control” by the seller over the buyer. The court held, “Where ... both parties to an alleged commercial offer for sale receive research funds from the same entity, it may be more difficult to determine whether the inventor is attempting to commercialize his invention.”³⁶

In separate entities situations, the court looks to whether the seller controls the purchaser so that the “invention remains out of the public’s hands.”³⁷

Nor has the CAFC recognized a “supplier” exception. The CAFC has found that there is no basis for a “supplier” exception in the statute or the precedent, and in *Special Devices*, held that sales for the “purpose of commercial stockpiling of an invention,” even where the sales were secret, deserve no special treatment under the on-sale bar.³⁸ In *Brasseler*, the court held that

³³*Abbott*, 182 F.3d at 1318.

³⁴*Zacharin*, 213 F.3d at 1371.

³⁵*Brasseler*, 182 F.3d at 890.

³⁶*Netscape Communications Corp. v. Konrad*, 295 F.3d 1315, 1324 (2002).

³⁷*Id.* at 1324.

³⁸*Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353, 1357-58 (2001).

there is no “secret sales” exception, and that the public does not need to be aware of the sales to “trigger the on-sale bar.”³⁹

G. Experimental Use Exception

The experimental use exception recognizes the need of an inventor to place his product in the real world or under actual use conditions to determine if it will work, and to make changes as needed. The use must be primarily experimental, not for a profit, and for testing of the product design; “if a use is experimental, even though not secret, ‘public use’ is negated.”⁴⁰ The CAFC has also held that “a sale or offer for sale may escape the on-sale bar if the sale or offer was ‘merely incidental to the primary purpose of experimentation.’”⁴¹ This issue was also addressed by the CAFC in *EZ Dock*. The CAFC held that “[t]he law has long recognized the distinction between inventions put to experimental use and products sold commercially ... tests needed to convince [the inventor] that the invention is capable of performing its intended purpose in its intended environment.”⁴² However, in order to show an experimental use, the invention must not have already been reduced to practice when the “experimental sale” was made. Specifically, in *Zacharin*, the court held that if the invention was reduced to practice prior to entering into a contract for testing the invention, then the patentee cannot argue that the contract was made for the purpose of testing his design.⁴³

Monon stands as a good example of the experimental use exception. In *Monon*, the patentee sold a single trailer to a trucking company. Some of the factors the court discussed were the patentee’s interactions with the trucking company to determine how the trailer was

³⁹*Brasseler*, 182 F.3d at 891.

⁴⁰*Monon Corp. v. Stoughton Trailers, Inc.*, 239 F.3d 1253, 1258 (2001).

⁴¹*Aqua Marine Supply v. Aim Machining, Inc.*, 247 F.3d 1216, 1218 (2001).

⁴²*EZ Dock, Inc. v. Schafer Sys., Inc.*, 276 F.3d 1347, 1352 (2002).

⁴³*Zacharin*, 213 F.3d at 1370.

performing, the patentee's inspections of the trailer during the test period, and the fact that the patentee returned the trailer's purchase price after the one-year test period. The court held that the sale was experimental since the patentee needed to test the product in "conditions of actual use" to determine if it would work, and it was not feasible for the patentee to test the product himself.⁴⁴ Relevant factors in the *EZ Dock* case included the sales price, post-sale monitoring of the performance of the invention, free repairs, and post-sale changes to the invention showing that the invention had not yet been reduced to practice when the experimental sale was made.⁴⁵

In *Allen Eng'g Corp.*, the CAFC set out an exhaustive list of factors that can be used to determine if a sale was experimental in nature. These factors are useful to the patent practitioner; however, the court cautioned that not all the factors will apply in every situation:

These factors include: (1) the necessity for public testing, (2) the amount of control over the experiment retained by the inventor, (3) the nature of the invention, (4) the length of the test period, (5) whether payment was made, (6) whether there was a secrecy obligation, (7) whether records of the experiment were kept, (8) who conducted the experiment, . . . (9) the degree of commercial exploitation during testing[,] . . . (10) whether the invention reasonably requires evaluation under actual conditions of use, (11) whether testing was systematically performed, (12) whether the inventor continually monitored the invention during testing, and (13) the nature of contacts made with potential customers.⁴⁶

The *Allen* court addressed the factor of the relationship with the customer. Specifically, the amount paid for the test product, and whether the customers knew that it was a test product were issues for the district court to decide on remand, "A showing that Allen did not clearly communicate to the users of the Red Rider that the use was to be for experimental purposes makes recourse to experimental negation questionable."⁴⁷

⁴⁴*Monon*, 239 F.3d at 1258-61.

⁴⁵*EZ Dock*, 276 F.3d at 1352-53.

⁴⁶*Allen Engineering Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1353 (2002).

⁴⁷*Id.* at 1355.

A fabricator exception may exist within the more general realm of the experimental use exception, but it was not recognized on the facts of either *Brasseler* or *Zacharin*: “This is not a case in which an individual inventor takes a design to a fabricator and pays the fabricator for its services in fabricating a few sample products. Here DS Manufacturing made a large number of the agreed-upon product for general marketing by Brasseler.”⁴⁸

H. Ready for Patenting - Actual Reduction to Practice

A showing of an actual reduction to practice can satisfy *Pfaff*'s second requirement of “ready for patenting.” Reduction to practice may have different definitions depending on the technology area. For a composition of matter, for example, reduction to practice occurs “when it is completely composed.”⁴⁹ An apparatus or device can be reduced to practice with a working prototype, model, or commercial product. For example, in *STX*, the court held:

STX had sufficient grasp of its invention, even a model, to allow it to gain approval for its design from the United States Intercollegiate Lacrosse Association Rules Committee, and later produce the first squeezes that were the subject of the September 18, 1984 sale. The same first squeezes were used in the trade show later that month. Such evidence is sufficient to establish that the invention was ready for patenting.⁵⁰

In the case of an actual reduction to practice, there is no requirement to show actual conception or understanding of the invention, rather, “[t]he sale of the material in question obviates any need for inquiry into conception.”⁵¹ In *Abbot*, the requirement of a reduction to practice was satisfied by proving that the claimed invention had been reduced to practice by two foreign manufacturers which were unrelated to the patentee.⁵² There was a similar result in

⁴⁸*Brasseler*, 182 F.3d at 891.

⁴⁹*Abbott*, 182 F.3d at 1318.

⁵⁰*STX*, 211 F.3d at 591.

⁵¹*Abbott*, 182 F.3d at 1318-19.

⁵²*Id.* at 1318.

Vanmoor where domestic manufacturers and retailers invalidated the patent claims by pre critical date sales; the CAFC held that there was no requirement that evidence be presented that would enable a patent attorney to draft the patent.⁵³

I. Ready for Patenting - Drawings and Descriptions

Pfaff's second requirement of "ready for patenting" can also be satisfied by a showing that, prior to the critical date, the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.⁵⁴ This requirement can only be met by a showing that each element of the claimed invention is illustrated and described by the drawings and descriptions. In *Helifix*, the court held that "there are genuine issues of material fact as to whether the ... brochure discloses and enables each element of the method claimed in the ... patent. Accordingly, for purposes of summary judgment, the ... brochure cannot be relied upon as an enabling description of the invention."⁵⁵

In the *Robotic Vision Sys.* case, an invention was found to be ready for patenting because the inventor explained the invention to a programmer, who wrote the software for the use of the invention:

[A] co-inventor ... explained the invention to Daniel Briceno ... and asked him to write the software for full-tray scanning ... This explanation was sufficiently specific for Briceno to understand the invention and to write the software needed to implement the method ... it is undisputed that Briceno ultimately completed the software program pursuant to Yonescu's description of the invention; ... because Yonescu's disclosure was sufficiently specific to enable Briceno, a person skilled in the art, to practice the invention, the district court did not err in concluding that the invention was ready for patenting before the critical date.⁵⁶

⁵³*Vanmoor*, 201 F.3d at 1366-67.

⁵⁴*Helifix*, 208 F.3d at 1349.

⁵⁵*Id.* at 1350.

⁵⁶*Robotic Vision Sys., Inc. v. View Eng'g, Inc.*, 249 F.3d 1307, 1311 (2001).

One definition of an enabling disclosure is a “recipe” that enables a “chef” familiar with that type of “cooking” to make the “dish.”⁵⁷ Specifically, in *Scaltech II*, the court held that the “[d]ocument used to persuade CITGO to accept Scaltech’s offer to treat its hazardous waste provides a description sufficient to satisfy the ... requirement ... This document was available well before the critical date of January 19, 1992, and is essentially a ‘recipe’ that describes how to process DAF float, which allows CITGO to practice an embodiment of the invention.”⁵⁸

If there are sufficient drawings or other descriptions of the invention, then no reduction to practice is necessary. For example, referring again to the *Robotic* case, the court held that “whether or not the software needed to implement the claimed method existed at the time of the disclosure is irrelevant, provided that the disclosure of the invention was made prior to the critical date and was sufficiently specific to enable a person skilled in the art to practice the invention.”⁵⁹ However, more than a conception is needed to satisfy the requirement. If undue experimentation is required in order to teach those skilled in the art how to make and use the invention, then the invention is not ready for patenting. As stated by the court in *Space Sys./Loral Inc.*, “[W]hen development and verification are needed in order to prepare a patent application that complies with §112, the invention is not yet ready for patenting.”⁶⁰

J. Provisional Applications

In the *New Railhead* case, the patentee made commercial sales in the Spring and Summer of 1996, filed a provisional application in February of 1997, and then filed a non-provisional application claiming priority to the provisional application, in November of 1997. Therefore, the

⁵⁷*Scaltech II*, 269 F.3d at 1331.

⁵⁸*Id.*

⁵⁹*Robotic*, 249 F.3d at 1311.

⁶⁰*Space Sys./Loral, Inc. v. Lockheed Martin Corp.*, 271 F.3d 1076, 1080 (2001).

sales were made less than one year before the provisional application, and more than one year before the non-provisional application.

The issue to be addressed was whether the provisional application provided sufficient support for the claims in the non-provisional application. Unfortunately for the patentee, there was a claim limitation that was not found in the provisional application. The requirements for a provisional application are that “the specification of the *provisional* must ‘contain a written description of the invention and the manner and process of making and using it, in such full, clear, concise, and exact terms’ ... to enable an ordinarily skilled artisan to practice the invention *claimed* in the *non-provisional* application.”⁶¹ The *New Railhead* ruling, although not presenting new interpretations of the provisional requirement reinforce for patent practitioners the importance of a sufficient written description when filing provisional patent applications.

K. Policy Considerations

Selling a product puts that product into the public domain. One of the policies of the on-sale bar is to ensure that products in the public domain cannot later (more than one year) be patented. As stated by the court in *Abbott*, “One of the primary purposes of the on-sale bar is to prohibit the withdrawal of inventions that have been placed into the public domain through commercialization...The discovery of a new property of an old compound does not make claims to that compound patentable.”⁶²

The on-sale bar also aims to limit an inventor’s exclusive use of the claimed invention to the patent term (twenty years from filing). The CAFC stated this policy in the *STX* opinion,

⁶¹New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co., 298 F.3d 1290, 1294 (2002).

⁶²*Abbott*, 182 F.3d at 1319.

“The overriding concern of the on-sale bar is an inventor’s attempt to commercialize his invention beyond the statutory term.”⁶³

V. Practice Tips for Patent Prosecutors

It is questionable how much weight will be given to the statutory presumption of validity and deference due to the USPTO in the context of an on-sale bar case. This is because the USPTO is generally not aware of sales of the patented product, and the sales are first revealed at court during patent litigation. In order for an inventor to strengthen the validity of a patent, it is advisable to disclose any sales to the USPTO, so that the sales are “of record.” This disclosure enables the USPTO Examiner to analyze the sales and determine if the application is patentable in light of the sales; if the sales are of record, then the Examiner can take them into account during the prosecution of the application. If the sales are made of record, a court is likely to show more deference to the Examiner’s decision to allow the claims.

Due to the “absolute novelty” requirements in some countries, a non-provisional patent application, or at least a provisional application, should be on file with the USPTO prior to conducting any commercial sales activity, or even public experimental testing, in order to secure a priority date prior to the first commercial offer for sale. Also, given that the on-sale bar applies to sales of the patented product by third parties, it is advisable to file as early as possible to ensure that there is a priority date prior to the patentee’s or another party’s first sales.

However, keep in mind that the provisional application must meet the requirements of section 112 in order to provide a priority date. We have seen one-page provisional applications that the inventor feels give them protection, but given the holding in *New Railhead*, it is clear

⁶³*STX*, 211 F.3d at 590.

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that a “quick and dirty” provisional is not advisable. At the very minimum, a provisional should fully disclose the commercial embodiment which will be put on sale. In addition, remember that a non-provisional and PCT application needs to be filed within one year of the provisional application in order to have priority.

When conducting an experimental sales program to determine how well the invention is working, ideally, the product should be given away, the customer told that the product is in “beta testing,” and check with the customer periodically to determine how the product is performing. As stated above, this type of public testing may not render the claims invalid in the United States, but may affect the absolute novelty requirement internationally. If possible, file a patent application before any type of public disclosure.