



FENWICK & WEST LLP

Watch Out For Statutory Bars – Don't Lose Your Patent Rights Before You Even File The Application

BY BRIAN M. HOFFMAN*

Many people are aware of the need to keep patentable inventions secret. However, few people other than patent lawyers understand the reasons for the secrecy, or know the other actions that might cause an inventor to unintentionally lose the right to obtain a patent. As a result, some inventors unknowingly engage in behaviors that impair their patent rights.

In the United States, an inventor is entitled to a patent if the invention is new, useful, and non-obvious. The law describes certain conditions that can negate the “new” status of an invention, and thereby prevent an inventor from obtaining a patent even if the invention meets the other two requirements. These conditions are referred to as “statutory bars” because they bar a patent that would otherwise be valid.

The primary law controlling statutory bars is 35 U.S.C. § 102(b), which states:

A person shall be entitled to a patent unless –

(b) 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 United States.

In other words, a United States patent on an invention is barred if any of the following events occur more than a year before the application is filed: (1) the invention is patented or described in a printed publication available anywhere in the world; (2) the invention is in public use in the United States; or (3) the invention is on sale in the United States.

These statutory bars serve four main purposes. First, the bars encourage the prompt disclosure of inventions. The patent system is predicated the idea that the inventor discloses her invention in exchange for the right to exclude others from practicing it. The one year time limit supports this goal by ensuring prompt filing. Second, the bars allow

the public to rely on inventions that have entered the public domain without fear that the inventor will later seek to patent it. Third, statutory bars prevent an inventor from delaying filing in order to extend the effective term of the patent. Fourth, the bars allow an inventor to determine whether an invention is a commercial success before filing the patent application. *Tone Brothers, Inc. v. Sysco Corp.*, 28 F.3d 1192, 1198 (Fed. Cir. 1994).

Since the statutory bars can completely forestall a patent application, it is important to understand the behaviors that are permissible and impermissible under each bar.

Patented or Described in a Printed Publication

The “patented or described in a printed publication” statutory bar comes into play when a printed description of the invention is released to the public anywhere in the world. In order to fully bar a patent, the printed description must completely disclose the invention. However, even a partial description can narrow the available scope of patent protection.

The word “printed” is interpreted broadly. Thus, the bar is triggered by documents stored on paper, electronic media or microfilm. *In re Wyer*, 655 F.2d 221, 226-27 (C.C.P.A. 1981). The word “publication” means that the printed document is freely available to the public. A single copy of a document distributed without restriction can trigger the bar. Documents that are shared under non-disclosure agreements (NDAs) are not publicly available and are unlikely to trigger this bar. However, care should be taken to ensure that the documents are marked “confidential” and that the NDA is preserved for use as evidence.

In practical terms, documents distributed at trade shows, presented at conferences, or posted on web sites can bar patents on any inventions described by the documents. In fact, a single copy of a document, such as a college thesis, stored in a publicly-accessible library anywhere in the world, can bar a patent. Accordingly, care should be taken when

distributing white papers, printed copies of slide show presentations, marketing materials, etc. At the least, the dates on which these documents first became available to the public should be recorded so that a patent application can be filed within one year.

In Public Use in the United States

Courts use a “totality of the circumstances” test to determine whether an activity constitutes a “public use” of an invention. In essence, this test allows a court to examine all of the facts surrounding the possible use and decide, on the whole, whether there was a “public use.” Given this legal test, an inventor should carefully consider whether any activities utilizing an invention might trigger the statutory bar.

A single use of an invention by a person other than the inventor, absent any obligation of secrecy to the inventor, can be a public use. *In re Smith*, 714 F.2d 1127, 1134 (Fed. Cir. 1983). Moreover, a use can be public even if the inner workings of the invention are not visible. Even a use or sale of a product manufactured using a secret process can be treated as a public use of the process. *Metallizing Eng’g Co. v. Kenyon Bearing & Autoparts Co.*, 153 F.2d 516, 520 (2nd Cir. 1946); *Woodland Trust v. Flowertree Nursery Inc.* 148 F.3d 1368, 1370-71 (Fed. Cir. 1998). Therefore, many common activities, such as displaying a product at a trade show, using software to support a web site or using a process in commercial manufacturing, can trigger the statutory bar for any inventions used in performing those activities.

However, an experimental use does not trigger the bar. Courts recognize that an inventor will often need to test an invention in its normal environment, and hold that such tests are not public uses. An inventor claiming that a use was experimental should ensure that the facts support this interpretation. For example, the length of the test period and number of tests should be comparable to tests conducted on similar inventions, detailed records should be kept on the progress of the test, the testers should not be required to pay for the privilege of using the invention, and the test should be conducted in secret. *Tone Brothers*, 28 F.3d at 1200.

On Sale in the United States

An invention is placed on sale within the meaning of §102(b) when it is: 1) the subject of a commercial offer for sale; and 2) ready for patenting. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67 (1998). Unlike the “printed publication” and “public use” statutory bars, the on-sale bar does not have a “public”

component. Therefore, a sale that satisfies these two conditions triggers the statutory bar even if it was conducted in secret.

In general, an offer which the other party could make into a binding contract by simple acceptance constitutes an offer under §102(b). *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1048 (Fed. Cir. 2001). In close cases, the court will look to the Uniform Commercial Code (“UCC”) for guidance. This reliance on the UCC means that the issue may turn on evidence of course of dealing between the parties or of customary practices in the industry. *Lacks Indus., Inc. v. McKechnie Vehicle Components USA, Inc.*, 322 F.3d 1335, 1348 (Fed. Cir. 2003).

An invention is ready for patenting if the inventor has reduced the invention to practice (e.g., has made or implemented the invention). An invention is likewise ready for patenting if the inventor has “prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.” *Pfaff*, 525 U.S. at 67-68. In practical terms, the “ready for patenting” requirement means that an offer for sale cannot trigger the bar if the inventor has not yet fully conceived how to practice the invention.

Given these requirements, certain actions, such as placing a product containing the invention in retail stores, clearly trigger the on-sale bar. However, other activities, such as advertising a product not yet on the market or pre-announcing a product might not constitute a commercial offer for sale within the meaning of the law. Close situations will be decided under general contract principles as described by the UCC.

Foreign Patent Laws

Most countries other than the United States do not allow a one-year grace period. These countries have an absolute novelty requirement, meaning that a patent application must be filed before any enabling disclosure of the invention is made public. A cautious inventor interested in international protection should therefore file the United States patent application before taking any action that might trigger a statutory bar. The inventor can rely on the United States filing date in foreign countries as long as the foreign applications are filed within one year of the United States application. However, the converse is not true; an inventor cannot rely on a foreign filing date to avoid a §102(b) bar.

In sum, the most prudent course of action is to file a patent application before any public disclosure, use or offer to sell an invention. If early filing is not possible, the inventor should be aware of the events that trigger the start of the one-year grace period and notify her patent attorney of any possible issues. When the application is filed in time, the worth of the patent will depend on the technical merit of the invention, and not on a court's interpretation of events that may have occurred long ago.

Author

Brian M. Hoffman (415.875.2484, bhoffman@fenwick.com) is a partner in the Intellectual Property Group of Fenwick & West LLP. Fenwick & West represents national and international high technology and life sciences clients for a wide range of legal services, including corporate, intellectual property, litigation, employment and tax matters.

©2005, Fenwick & West LLP. All Rights Reserved.