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Federal Circuit Reinforces Implications of the On-Sale Bar for Patent Owners

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The recent Federal Circuit case of ***Celanese International Corp. v. International Trade Commission*** serves as a significant reminder of the importance of the on-sale bar in U.S. patent law. Patent owners must be vigilant in their pre-filing activities, carefully considering the potential implications of any commercial offers or agreements. By understanding the nuances of the on-sale bar and implementing best practices, patent owners can protect their intellectual property and avoid the pitfalls highlighted by this case.

What is the “On-Sale” Bar?

The on-sale bar, codified under 35 U.S.C. § 102, states that an invention cannot be patented in the U.S. if it was on sale more than one year before the patent application was filed. Courts have long held that, to trigger the on-sale bar, a sale need not disclose the details of the invention to the public. Moreover, the on-sale bar extends to secret offers for sale of an invention, such as those made under a non-disclosure agreement (NDA). This aims to prevent inventors from profiting from an invention for more than one year before filing for a patent, thus maintaining the balance between public disclosure and private innovation.

Case Summary

In ***Celanese International Corp. v. International Trade Commission***, (No. 2022-1827, 2024 U.S. App. LEXIS 20186 (Fed. Cir. Aug. 12, 2024)), the Federal Circuit considered whether prior sales of a product, in this case Ace-K sweetener, would trigger the on-sale bar to patentability of the secret process used to make the product. Consistent with the precedent established before the American Invents Act (AIA), Celanese’s patents on the process used to make the earlier-sold product were found to be invalid for violating the on-sale bar. The court quoted earlier Supreme Court precedent stating that an inventor’s “voluntary act” of exploiting his invention through a commercial sale before the critical date constitutes “an abandonment of his right” to a patent.

Implications for Patent Owners

The *Celanese* case underscores the need for patent owners to exercise caution when engaging in any commercial activities involving their inventions before filing a patent application. The decision highlights several critical considerations:

1. **Understand the Scope of “Sale:”** Even preliminary commercial offers or agreements can trigger the on-sale bar if they are deemed sufficiently definite and commercial in nature. Before a patent application is filed, patent owners should be cautious about entering into agreements or making offers that could be interpreted as sales, even with an NDA in place.
2. **Document Development Progress:** Keeping detailed records of the development process is essential. If an invention is not yet ready for patenting, this documentation can be critical in defending against an on-sale bar claim. Conversely, if an invention is ready for patenting, patent owners should promptly file a patent application to avoid potential issues.
3. **Consider Trade Secret Protection Early:** If a valuable process can be kept confidential, such as some manufacturing processes, it may be more advantageous to protect that process as a trade secret by putting trade secret protection measures in place. However, if the process is susceptible to reverse-engineering or may eventually be disclosed, filing an early patent application will likely be a more effective means of protection.
4. **Timing is Crucial:** The timing of a patent application filing relative to commercial activities is critical to avoiding the on-sale bar. It is best practice to **file a patent application early** and before any disclosure or commercial exploitation of an invention.

The *Celanese International Corp.* case serves as a crucial reminder of the intricacies of the on-sale bar in patent law. Engaging with intellectual property counsel early in the development process can help patent owners navigate the complexities of the on-sale bar. Legal professionals can provide guidance on intellectual property protection strategies and how to structure transactions and communications to avoid triggering the bar.

Please contact the author or any member of Bodman’s [Patent Practice Group](#) for more information on securing design patent protection and developing comprehensive patent strategies. Bodman cannot respond to your questions or receive information from you without establishing an attorney-client relationship and clearing potential conflicts with other clients. Thank you for your patience and understanding.

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