No. 17-1229

IN THE
Supreme Court of the United States

HELSINN HEALTHCARE S.A.,

Petitioner,

v.

TEVA PHARMACEUTICALS USA, INC., *ET AL.,*

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF *AMICUS CURIAE* INTEL CORPORATION IN SUPPORT OF RESPONDENTS

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INTEREST OF *AMICI CURIAE*[1]

Cutting-edge innovation has been the defining feature of Intel's business for the last half-century. Intel is incorporated and headquartered in the United States, and is a world leader in the design and manufacturing of semiconductor products, including hardware and software products for networking, telecommunications, data-centric cloud computing, artificial intelligence, autonomous driving, and other applications. To this day, Intel's micro-processing inventions are found in a vast array of the world's computers, from everyday desktops and laptops to the infrastructure that forms the backbone of the modern digital economy. Intel has also been at the forefront of developing new solutions for processing, storing, and transferring data. As part of Intel's research and development, it has frequently collaborated with other technology companies, entering into distribution, supply, and other commercialization agreements.

Intel owns more than 32,000 U.S. patents, and obtained 3,726 U.S. patents in 2017 alone—the third highest total of any company according to the most recent report by the Intellectual Property Owners Association (IPO). Intel is also a frequent target of patent-infringement lawsuits, the majority of which

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[1] No one other than the undersigned authored this brief in whole or in part, and no counsel or party other than the undersigned made a monetary contribution to fund or intended to fund the preparation or submission of this brief. Both parties have consented to the filing of this brief.

have for many years been brought by non-practicing entities. In addition, Intel has chosen to protect numerous aspects of its ground-breaking technology not through patents but as trade secrets. Intel thus has extensive experience in the U.S. Patent and Trademark Office (PTO), in patent infringement litigation before and after the enactment of the America Invents Act (AIA), and in protecting its intellectual property through both public and non-public avenues. Intel is therefore well-positioned to assist the Court's consideration of the practical implications of the arguments in this case.

SUMMARY OF ARGUMENT

Petitioner and its supporting *amici*, including IPO, have argued that the Federal Circuit's interpretation of Section 102 of the AIA would discourage the very innovation that the U.S. patent system is designed to promote. Based on its own experience, Intel believes the realities of the marketplace are to the contrary. The Federal Circuit's long-standing interpretation of the on-sale bar has not stifled innovation—nor would it compel small businesses to forgo their innovative efforts.

Consistent with settled legal principles, the Federal Circuit held that when petitioner entered into a Supply and Purchase Agreement for the claimed invention—which had already been determined to work for its intended purpose—petitioner's own commercial activity started a one-year clock to file for a patent on that invention. It is not unreasonable to expect that patent applications on new inventions be filed within one year of the

date they were first commercialized. This period generally offers sufficient time to assess the commercial viability of an invention, evaluate whether to seek patent protection, and prepare and submit a patent application. And under current law, as exemplified by this Court's decision in *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 (1998), that one-year clock does not even begin to run if the invention is still under development or the inventor is engaged in pre-commercial activity. The two-pronged *Pfaff* analysis already provides substantial guidance and protection for innovators, including those in the semiconductor field.

By contrast, petitioner's interpretation of Section 102 would upset the balance in the patent system that Congress has struck: encouraging early enrichment of the store of public knowledge, while providing sufficient time to develop, refine, and experiment with a particular technology before an inventor must file for a patent. If the well-established equilibrium underlying the Federal Circuit's decision were discarded, it would have the perverse effect of encouraging companies to withhold their inventions from public disclosure for as long as possible, and to extend the statutory patent term through the strategic use of confidentiality agreements. That would not promote innovation; it would instead encourage "confidential" sales, late-filed patent applications, and unfair patent litigation claims against practicing technology companies.

In addition, petitioner's interpretation would improperly shift the focus of the on-sale bar from the product or method that is the subject of a

commercial agreement to the text of that agreement itself. That approach is problematic in the semiconductor marketplace, where innovations are often invisible to the consuming public, and where those innovations involve complex and multifaceted components that are not easily described in commercial agreements. The on-sale bar ensures that only novel inventions are eligible for patent protection; the novelty of an invention should not turn on whether it was described in detail in a contract for sale. Instead, as has long been the case under the Federal Circuit's interpretation, the product or method that is sold should be the primary focus of this novelty analysis.

ARGUMENT

I. THE FEDERAL CIRCUIT'S INTERPRETATION OF THE ON-SALE BAR DOES NOT DISCOURAGE INNOVATION, PARTICULARLY IN THE SEMICONDUCTOR INDUSTRY.

A. Section 102(a)(1) Retains the One-Year Grace Period for Sales of the Claimed Invention.

Prior to the enactment of the AIA, a patent could not be obtained on an invention if it was "on sale in this country, more than one year prior to the date of application for patent in the United States." 35 U.S.C. § 102(b) (2006). Similarly, under the AIA, a patent cannot be obtained on a "claimed" invention if it was "on sale" prior to the effective filing date of a patent application claiming that invention, except

when that sale was made by the inventor "1 year or less before the effective filing date of the claimed invention." 35 U.S.C. §§ 102(a), 102(b)(1) (2011). This restriction on patentability has been referred to, both before and after the passage of the AIA, as the "on-sale bar." *See, e.g.*, Pet. Br. 6.

The AIA thus left a critical feature of the prior statutory scheme intact: when an inventor first sells a claimed invention, that sale starts a one-year clock. If the inventor does not then file a patent application covering that invention within one year of selling it, the inventor will not be able to obtain patent protection for it. Even sales of the exact invention that will later be claimed do not foreclose the possibility of obtaining a patent, so long as a patent application is filed within one year of the first sale. Petitioner and respondents agree that the AIA retains an on-sale bar. Thus, the only question is whether the AIA narrowed the types of commercial activities to which the on-sale bar previously applied. As discussed below, there is no policy-based reason to conclude that it did so.

B. The Practical Concerns of Petitioner and Supporting *Amici* are Exaggerated and Untethered to the Realities of the Marketplace.

Petitioner and supporting *amici* urge this Court to reverse the Federal Circuit's decision on policy grounds that do not reflect business realities. Petitioner contends that affirming the Federal Circuit's decision would discourage "collaborative work that leads to innovation," and "has the

'potential to chill deals'" that might lead to the development of new and important products. Pet. Br. 48–49 (citations omitted). Petitioner further contends that, by continuing to apply the on-sale bar as it has done so historically, the Federal Circuit would leave "companies such as petitioner" with "no choice" but to abandon their business because "they do not have the resources to develop and bring drugs to market on their own." Pet. Br. 48.

IPO echoes these concerns in its *amicus* brief, contending that "the practical reality of operations in the present global economy" is that "many complex innovations require arms-length collaboration with third parties to refine and bring those innovations to market." IPO Br. 3. In IPO's view, the Federal Circuit's interpretation of Section 102(a)(1) would discourage such collaborative arrangements. IPO argues that it is particularly critical for the semiconductor industry that the AIA be interpreted as petitioner suggests because of the "close working relationship . . . between chip manufacturers and semiconductor processing equipment suppliers." IPO Br. 5. In this "innovation ecosystem, chip manufacturers . . . focus on chip design," but "also develop new processing inventions to help achieve particular design features." IPO Br. 5. IPO contends that "purchase agreements for equipment that implements those new processing inventions could give rise to an on-sale bar under the Federal Circuit's current interpretation of the law," which in turn could frustrate the development of new innovations. IPO Br. 6.

Petitioner and IPO are incorrect. They overlook the protection and guidance that the current law already provides, incorrectly imply that the on-sale bar has created a highly constrained environment that discourages innovation, and overstate any new "uncertainty" that the Federal Circuit's interpretation of the AIA would create.

Under the current law, the on-sale bar starts the one-year grace period to file a patent application only if a two-part test is satisfied: an invention "that is ready for patenting" must be "the subject of a commercial offer for sale." *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67 (1998). Both prongs of the *Pfaff* test provide ample protection and guidance that allow for innovative collaboration and development work. The "commercial offer for sale" prong of *Pfaff* provides extensive guidance on how to structure collaborative arrangements so as not to trigger the on-sale bar—indeed, it is far from a foregone conclusion that the sort of partnerships that IPO discusses would even qualify as "commercial offers for sale." Similarly, the "ready for patenting" prong of *Pfaff* specifically provides that even if there were a commercial sale of an invention, the on-sale bar would not be triggered if that invention remains in the development phase.

Moreover, even a "commercial sale" of an invention that was "ready for patenting" does not foreclose the possibility of patent protection; a patent application on that invention must, however, be filed within one year of the first sale. In Intel's experience, that one-year grace period is adequate to assess whether to move forward with patent prosecution. Indeed, all of Intel's extensive

innovation to date—which has resulted in tens of thousands of patents, often from collaborative efforts—took place under a regime that IPO and petitioner argue is so unconducive to collaborative innovation that it must have been discarded under the AIA. Any suggestion that participants in the semiconductor industry or similar fields would be forced to forgo innovative efforts under the Federal Circuit's interpretation of the AIA is directly at odds with Intel's experience and the pace of semiconductor innovation to the present day.

1. The Existing "Commercial Offer For Sale" Requirement Addresses Concerns About the Scope of the On-Sale Bar.

The "commercial offer for sale" requirement already substantially alleviates IPO's concerns about the effects of the on-sale bar on the semiconductor industry. IPO is correct that semiconductor companies often work with third-party suppliers to develop specialized machinery to fabricate new and innovative chips or integrated circuits. IPO Br. 5–6. But in Intel's experience, IPO overstates the concern that these arrangements "could give rise to an on-sale bar under the Federal Circuit's current interpretation of the law." (*Id.* at 6.)

"[W]hether an invention is the subject of a commercial offer for sale is . . . to be analyzed under the law of contracts." *Grp. One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1047 (Fed. Cir. 2001). Several factors influence whether an invention has been the subject of a "commercial offer for sale," including "the passage of title," "the confidential

nature of the transactions," and the existence and extent of any commercial marketing by "the inventor himself or a third party." *Meds. Co. v. Hospira, Inc.*, 827 F.3d 1363, 1372, 1376-77 (Fed. Cir. 2016). In the scenario IPO outlined, each of those factors would weigh against a finding of a commercial offer for sale—typically title is not formally transferred in such a scenario, the related agreements are confidential, and there is no marketing of the equipment or process used to fabricate the integrated circuits. While that does not guarantee that every such agreement will avoid triggering the one-year grace period, current caselaw offers valuable guidance that allows companies like Intel to carefully tailor their arrangements with equipment manufacturers to reduce the likelihood of doing so.

In addition, to the extent that Intel and others in the semiconductor marketplace develop specialized machinery for integrated circuit fabrication or related processing inventions, those innovations may be protected not by pursuing patents, but as trade secrets. When an invention, such as a manufacturing process or a specialized piece of equipment, cannot easily be reverse-engineered, then it is often preferable to protect that asset or method as a trade secret. Under those circumstances, the on-sale bar is of no concern, because patent protection is less desirable than utilizing other forms of intellectual property, including trade secrets (that have no public disclosure obligations or fixed lifespan).

That stands in sharp contrast to other types of inventions, such as Intel's integrated circuits, as well

as the pharmaceutical products at issue in this case. For those products, widespread public use and commercialization is the ultimate goal, and thus trade secret protection may not be a viable long-term option. These practical realities allow companies in the semiconductor field to tailor their intellectual property and commercialization strategies. It is not necessary to alter the longstanding Federal Circuit approach in order for the on-sale bar to adequately protect the sort of innovations that IPO describes.

2. The "Ready for Patenting" Prong of *Pfaff* Adequately Protects Innovation.

Similarly, the "ready for patenting" requirement blunts any purported adverse effects of the Federal Circuit's decision. IPO contends that "third party sales and collaboration . . . are becoming ever more important across an increasing number of industries" and that under the Federal Circuit's interpretation of Section 102, inventors might not have the "necessary resources to fully refine an invention." IPO Br. 6–7. While IPO is correct that third-party sales and collaboration are important, particularly in the semiconductor industry, IPO overlooks how the "ready for patenting" prong of the current analysis already protects this development from triggering the on-sale bar.

As noted above, the second prong of the *Pfaff* test asks whether an invention that was the subject of a commercial offer for sale is "ready for patenting"; if it is not, then the one-year clock for filing a patent application does not begin to run. 525 U.S. at 67. An invention is "ready for patenting" if it has been

reduced to practice or if the inventor "prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention." *Id.* at 67-68.

There is no question that the "ready for patenting" requirement of *Pfaff* will remain in place regardless of the outcome here. *See, e.g.*, Pet. App. 180a-181a ("The parties agree that the 'ready for patenting' prong under *Pfaff* has remained unchanged by the AIA."); Pet. Br. 30 (asserting that Congress "decided to retain 'on sale' as a discrete category of prior art," in part because that "preserves the substantial body of law on other aspects of the on-sale bar").

Accordingly, if commercialization begins relatively early in the development of the product, then the invention is likely not "ready for patenting," and the on-sale bar would not apply. *See, e.g.*, *Pfaff*, 525 U.S. at 68 n.14 (noting that an invention is not "ready for patenting" when there is "additional development after the offer for sale"); *Honeywell Int'l Inc. v. Hamilton Sunstrand Corp.*, 370 F.3d 1131, 1145 (Fed. Cir. 2004) (affirming jury determination that invention was not "ready for patenting" as of sale date despite evidence of contemporaneous drawings that were substantially identical to those that would later appear in the patent application); *Space Sys./Loral, Inc. v. Lockheed Martin Corp.*, 271 F.3d 1076, 1079 (Fed. Cir. 2001) (reversing district court's conclusion that invention was "ready for patenting" based on an engineering proposal, because "it was not until many months later, after

development and testing of an engineering model, that [it was] determined that the idea would work").

For those in the semiconductor industry working with collaborators to develop new integrated circuits or other innovations, it may take years before their invention is determined to work for its intended purpose. In Intel's experience, such efforts have not been and would not be impeded by the Federal Circuit's current interpretation of the on-sale bar. *See, e.g.*, *Keystone Retaining Wall Sys., Inc. v. Westrock Inc.*, 997 F.2d 1444, 1452 (Fed. Cir. 1993) ("If the inventor had merely a conception or was working towards development of that conception, it can be said there is not yet any 'invention' which could be placed on sale." (citations omitted)).

On the other hand, if an invention is far enough along in the development path to be "ready for patenting," then typically a patent would be filed within the one-year grace period. Here, the Federal Circuit found "overwhelming" evidence that the claimed invention was ready for patenting years before the first patent application was filed—a finding that petitioner does not challenge before this Court. Pet. 13 n.3; *see also* Pet. App. 47a-51a. Indeed, the Federal Circuit found consistent evidence that the invention here "worked for its intended purpose, from the final report for the 1995 Phase II trial to the preliminary results in January 2002 from a Phase III trial." Pet. App. 51a. That evidence included statements from the inventors that they possessed "the claimed invention, *i.e.*, 'a pharmaceutically stable solution for reducing emesis or reducing the likelihood of emesis'" in 1999—

approximately four years before a patent application on this invention was filed. Pet. App. 50a.

The settled interpretation of the on-sale bar need not be altered to promote experimentation and refinement of inventions, even those requiring commercial agreements to bring them to fruition. If such agreements are executed when the invention is not yet fully developed, then the one-year grace period does not even start to run. And if the invention is fully developed at the time it is first commercialized, then the inventor has a year to file a patent application. In Intel's experience, this offers an adequate period to determine the commercial viability of an invention, assess whether it is best protected through patents, trade secrets, or some other intellectual property, and prepare and file the initial patent documents. For decades, companies like Intel have been able to comply with these rules without halting or slowing U.S. innovation.

3. Petitioner and IPO Posit a False Dichotomy—Those in the Marketplace Do Not Face a Choice Between Commercialization and Patenting.

Petitioner asserts that companies will often "enter into development partnerships to share risk and defray cost." Pet. Br. 48. That is certainly true in Intel's experience. Petitioner also asserts that these partnerships are sometimes the only way for small companies to develop and bring their inventions to market. *Id.* That may also be true. But those assertions do not establish that the

longstanding interpretation of the on-sale bar is flawed.

Indeed, the Federal Circuit's precedent already accounts for these business realities. "Generally cost defrayal arrangements between collaborators are not deemed to be invalidating sales, nor are payments for use substantially for test purposes." *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1356 (Fed. Cir. 1998); *see also Cont'l Can Co. USA, Inc. v. Monsanto Co.*, 948 F.2d 1264, 1269, (Fed. Cir. 1991) (joint development between Coca-Cola and potential bottle supplier did not start the on-sale clock under Section 102). Under the existing on-sale construct, both smaller companies like petitioner and larger companies like Intel can enter into cost-defrayal agreements and development partnerships in hopes of commercializing an invention in the future. Even if the details of those agreements become public, and even if they are entered into after an invention has been fully developed, a patent may still be granted on the claimed invention, provided that the patent application is filed within one year.

4. Petitioner's Concerns About Uncertainty from the Affirmance of Longstanding Law Are Overstated.

Petitioner asserts that "for patents to stimulate innovation, their owners must be able reliably to predict their strength." Pet. Br. 47. Intel agrees. But petitioner also asserts that "the Federal Circuit's decision in this case . . . makes a mockery of that interest" because it will "potentially expose patentees to discovery-intensive inquiries into any

contacts and communications with third parties regarding the invention—not just in the United States but anywhere in the world." *Id.* Intel respectfully disagrees for several reasons.

First, when it comes to agreements like those petitioner executed, no "discovery-intensive inquiries" would be necessary, because petitioner obviously is aware of its own agreements. Indeed, petitioner affirmatively publicized the commercialization agreements relating to its claimed invention, announcing them "in a joint press release." Pet. App. 23a. In addition, all patent applicants have "a duty of candor and good faith in dealing with the [PTO], which includes a duty to disclose to the [PTO] all information known to that individual to be material to patentability." 37 C.F.R. § 1.56(a). This duty of disclosure extends not merely to patents and publications, but also to "possible prior public uses, sales, offers to sell, derived knowledge, prior invention by another, inventorship conflicts, litigation statements, and the like." Manual of Patent Examining Procedure § 2001.04 (2018). Thus, when it comes to the inventor's own disclosures, like those that were alleged to have triggered the on-sale bar in this case, the Federal Circuit's interpretation of the AIA imposes no burden beyond existing PTO rules.

Second, the Federal Circuit's current approach to the on-sale bar is unlikely to create any additional uncertainty beyond that which would be part of the Section 102 analysis under petitioner's interpretation. Current sales outside of the United States may create an on-sale bar for a patent—that

will be the case regardless of the outcome here. But the possibility that a secret third-party foreign sale is the only disclosure that renders an invention unpatentable is relatively limited, particularly because over the course of at least the last three decades, the on-sale bar has almost always been triggered by sales by the patentee itself. *See, e.g.*, *Pfaff*, 525 U.S. at 57-58 (analyzing whether the commercialization activities of the inventor himself triggered the on-sale bar); *Energy Heating, LLC v. Heat On-The-Fly, LLC*, 889 F.3d 1291, 1300 (Fed. Cir. 2018) (concluding that dozens of prior commercial sales of fracking method by the inventor triggered the on-sale bar); *D.L. Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, 1147-48 (Fed. Cir. 1983) (analyzing whether the prior sales of the inventor triggered the on-sale bar).

Third, a patent applicant is in control of how to frame a patent application, just as that applicant is in control of the terms of any commercialization contract. The applicant can phrase its claims so as to capture elements of the invention that were not on sale, and can structure its collaboration agreements to avoid the finding that the later-claimed invention was subject to a commercial offer for sale.

II. PETITIONER'S INTERPRETATION OF SECTION 102 OF THE AIA WOULD UNDERMINE FUNDAMENTAL PRINCIPLES OF PATENT LAW.

A. Confidentiality Agreements Could Be Strategically Used to Avoid Triggering the On-Sale Bar.

Petitioner's position would offer opportunities for companies to improperly extend the statutory term of patent protection through strategic use of confidentiality agreements. Petitioner notes that the "basic *quid pro quo* of patent law" provides that an inventor gives the public a useful invention and gets a monopoly in exchange. Pet. Br. 46. While that is generally true, the *quid pro quo* is more specific than that: in exchange for public disclosure of an invention, **a 20-year patent term** is granted from the date of filing. Petitioner's interpretation of Section 102 of the AIA offers a perverse incentive for companies to treat all of their inventions as trade secrets in the initial instance, and then leave the door open to file for a patent later so that the 20-year term could be extended.

For instance, those in the semiconductor industry could enter into non-disclosure agreements with their manufacturers and distributors, allowing for commercialization of new innovations without disclosing any of the elements of those inventions to the public. The invention would thus be classified as confidential or as a trade secret. At the first sign of competition for that invention, or after several years of commercial effort had been completed, the

inventor could then "lift the veil" of secrecy on the invention, file for patent protection, and enjoy more than 20 years of marketplace exclusivity on that invention. That is at odds with the fundamental principles that underlie the on-sale bar. *See, e.g.*, *Pfaff*, 525 U.S. at 64 (noting that the on-sale bar serves as a check that "confin[es] the duration of the [patent] monopoly to the statutory term"); *see also C.R. Bard Inc.*, 157 F.3d at 1357 ("A primary policy served by the on-sale bar is to provide time for an inventor to determine the reception of his invention in the marketplace before entering into the patent system, while the one-year limit prevents undue lengthening of the period of exclusivity.").

Indeed, the likeliest outcome of petitioner's interpretation of the on-sale bar would merely be the proliferation of confidentiality and non-disclosure agreements in the semiconductor and other industries. These agreements are already frequently used, but would likely become more common, as inventions that would otherwise be deemed to have been effectively commercialized would be technically protected by confidentiality agreements. An invention that had been "confidentially" sold for years could be patented, even though the enrichment of the store of public knowledge would have been substantially delayed. That does not serve the constitutional interests of the patent system.

B. Petitioner's Interpretation Would Encourage Delays In Filing for Patents.

Petitioner does not dispute that it had an invention that was ready for patenting for nearly a

decade before it first applied for a patent on it. Were petitioner to prevail, it would be the only entity able to exploit the claimed invention for nearly three decades. This is highly problematic. "The on-sale bar of § 102(b) represents a balance of the policies of allowing the inventor a reasonable amount of time to ascertain the commercial value of an invention, while requiring prompt entry into the patent system after sales activity has begun." *Seal-Flex, Inc. v. Athletic Track & Court Constr.*, 98 F.3d 1318, 1322 (Fed. Cir. 1996).

Petitioner and supporting *amici* argue that the first-to-file system provides adequate incentives for prompt filing of patent applications, rendering the additional incentives of the one-year grace period for sales unnecessary. Pet. Br. 16 (asserting that "it is unnecessary for the on-sale bar to provide inventors with an additional incentive to enter the patent system promptly").) That argument misses the mark for two reasons. First, if the first-to-file system inherently provided all the incentive needed for prompt filing, then the one-year grace period would be unnecessary; yet, Congress retained it in Section 102(b) of the AIA. Second, in Intel's experience, the highly specialized and cost-intensive nature of its innovations means that it is unlikely that other companies are simultaneously working on precisely the same innovation. In other words, while there are certainly technological "races" among competitors, those innovations are unlikely to overlap precisely. Absent the one-year deadline to file a patent, those in the semiconductor marketplace could delay their

application filing dates in an attempt to extend their patent monopoly.

C. Petitioner's Interpretation Wrongly Shifts Focus To The Text of Commercial Agreements, And Ignores Their Subject Inventions.

Finally, petitioner and its supporting *amici* would improperly shift the focus of the on-sale analysis from the actual elements of the commercialized device or method to the text of the commercial agreement—a result Congress is unlikely to have intended. They argue that the on-sale bar should not apply to confidential commercial sales agreements unless those agreements disclose the details of the subject invention. Petitioner highlights the fact that the "proposed formulation" of the later-claimed dose of palonosetron was redacted from publicly disclosed documents. Pet. Br. 10. IPO similarly argues that "*agreements* that do not disclose the claimed invention do not bar patentability or invalidate patent claims because the invention claimed has not [been] 'made available to the public.'" IPO Br. 21 (emphasis added). But the application of the on-sale bar should not depend on whether a commercial contract itself functions as a fully enabling disclosure of the claimed invention; the on-sale analysis should focus where it always has: on whether the product or method that is the subject of that agreement embodies each aspect of the claimed invention. If Congress had really intended to depart so radically from the longstanding focus of the on-sale analysis, it surely would have done so by inserting clear statutory

language to this effect. Neither petitioner nor IPO points to any such language.

Section 102(a) of the AIA addresses the question of patent "novelty," and enumerates several categories of "prior art" that render a claimed invention unpatentable. Only two of those categories ("patented," and "described in a printed publication") require that a writing be analyzed to determine whether it discloses the later-claimed invention. 35 U.S.C. § 102(a) (2011). Section 102(a) does not require that a claimed invention be "described in a sales contract"; it merely requires that the "claimed invention" be on sale. *Id.* The plain language of this statute thus focuses the on-sale analysis on the product or method that is allegedly on sale, not on the sales contract. *See, e.g.*, *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1353 (Fed. Cir. 2002) (holding that "the assessment of whether a device sold was an embodiment of a claimed invention [is] 'the first determination' in the on-sale bar analysis" (citation omitted)).

An invention-focused inquiry is not only consistent with the statutory language, but also accounts for the multifaceted nature of many innovations. In the pharmaceutical context, it may be possible to concisely describe the entire claimed invention in an agreement (as was the case here). But for many inventions—including in the semiconductor field—it would be impractical to fully describe the subject device or method in a related sales agreement. For instance, individual semiconductor products can embody thousands of

discrete innovations, many of them infinitesimally small, unadvertised, and not readily apparent to the public. Such products are often identified solely by a shorthand name or product number in related commercial agreements, which themselves typically offer no detail on the specific innovations embodied in that product. Petitioner's interpretation of Section 102(a) would require that a sale be accompanied by a written description of any later-claimed features in order to trigger an on-sale bar. That interpretation finds no support in the AIA, is impractical if not impossible to achieve in many contexts, and would insulate many innovations that are not easily described in sales contracts from novelty-defeating prior art (thus allowing for potential extension of the patent term beyond its statutory maximum).

That is not to say that the text of commercial agreements relating to a later-claimed invention is irrelevant to the on-sale analysis. On the contrary, as discussed above, the terms of that agreement should be analyzed to determine whether it has the hallmarks of a commercial sale. But the on-sale bar has not been limited only to those commercial contracts that recite each and every element of the claimed invention. Nor would the policies of the patent laws be advanced by limiting the on-sale bar in that manner.

CONCLUSION

For the foregoing reasons, *amicus* respectfully urges the Court to affirm the decision by the Court of Appeals for the Federal Circuit.

Respectfully submitted,

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