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Happy Thanksgiving!



“Tip of the Month”

Patents and the On-sale Bar

Under the “on-sale bar,” a person is not entitled to a patent if the invention was on sale in this country more than one year prior to the date of the application for patent in the United States. A bar can arise from a sale by a third party who is not the patentee. Even sales that are not authorized and not even known by the inventor and that are made by a defendant accused of infringing the later-issued patent is sufficient. There is also no supplier exception to the on-sale bar. That is, sales of the invention from the inventor’s supplier back to the inventor itself are sufficient to invoke the on-sale bar. This is particularly important where production of goods is outsourced to a supplier and intended for later commercialization.

When it comes to commercializing a patentable product, the on-sale bar is a seemingly rigid doctrine that few transactions escape. All that is required to render a patent invalid under the on-sale bar is a showing that, prior to the critical date (one year before the patent application filing date), the invention was 1) the subject of a commercial sale or offer for sale in the United States, and 2) ready for patenting.

Virtually any commercial sales activity, even if it may be thought of as very minor and involving only a small quantity of products, is sufficient to constitute a commercial sale or offer for sale. A single sale or offer to sell is enough to bar patentability. Distribution of no more than a prototype, and at no charge to the recipient, may trigger the bar if it is done to solicit future sales.

A hidden danger lurks in outsourcing prototype production. This risk is particularly acute during later design stages where the device is nearly finalized. Foreign-based or multi-national companies that avail themselves of US manufacturing facilities can trigger the bar’s one-year grace period.

The “experimental purpose” doctrine is the primary safe haven for those facing a potential on-sale bar. However, negation of the bar is narrowly limited and applies only to those sales that are made primarily for the purpose of experimentation rather than for commercial exploitation. Certain circumstances are critical to showing experimental purpose. Namely, these circumstances are that the inventor controls the testing, that detailed progress records are kept, and that the purported testers know that testing is occurring. In light of this last critical factor, the patentee should be careful to notify the purchaser of any experimentation.

Further, testing only counts toward “experimental purpose” negation if the testing involves the product features that are the subject of the patent claims. A sale made in the context of a research and development contract does not suffice to avoid the on-sale bar absent experimentation on the claimed features of the invention. Once reduction to practice of the invention has occurred, the experimental purpose doctrine is no longer available. Reduction to practice may occur prior to finalizing a product, as it does not require that the product be in a commercially satisfactory stage of development.

If you have a patentable invention, we can provide you with a review and recommendations to protect your intellectual property asset. To set up a review, call us at 668-1971 or contact us through the internet at *Meslaw @ aol.com*.

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