



UNIVERSITY OF
MARYLAND
SCHOOL OF LAW

**PATENT LAW
UPDATE**

*Special Devices,
Inc.
v.
OEA, Inc.*

Nos. 01-1053,
-1078

Federal Circuit
Oct. 26, 2001

"[No] exception to the on-sale bar [exists] that would allow inventors to stockpile commercial embodiments of their patented invention via commercial contracts with suppliers more than a year before they file their patent application."

On October 26, 2001, the Federal Circuit affirmed the district court's summary judgment that U.S. Patent No. 5,404,263 is invalid under the on-sale bar of 35 U.S.C. § 102(b) because OEA had contracted with a supplier to have the patent's commercial embodiment mass-produced more than one year before it filed a patent application. The patented technology related to an "all-glass header" relating to automobile air bags. The Federal Circuit noted:

[T]he on-sale bar under 35 U.S.C. § 102(b) applies when (1) the invention at issue had become the "subject of a commercial offer for sale" more than one year before the filing of the patent application; and (2) the invention was ready for patenting, either by, for example, having that invention reduced to practice or by preparing "drawings or other descriptions of the invention" that would enable one skilled in the art to practice the invention. A "sale" under this bar occurs when the parties offer or agree to reach "a contract . . . to give and pass rights of property for consideration which the buyer pays or promises to pay the seller for the thing bought or sold." . . .

OEA asks that we now recognize a "supplier" exception to the on-sale bar, arguing that we have never expressly applied the bar to a patentee-supplier relationship and that our precedent therefore permits such an exception. We disagree, as neither the statutory text, nor precedent nor the primary purpose of the on-sale bar allows us to grant OEA's request.

First, the text of section 102(b) itself makes no room for a "supplier" exception, stating only that a "person shall be entitled to a patent unless . . . 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." By phrasing the statutory bar in the passive voice, Congress indicated that it does not matter who places the invention "on sale"; it only matters that someone — inventor, supplier or other third party — placed it on sale.

Consistent with this rationale, we have previously held that even if a thief "stole" the claimed invention and passed it on to an innocent buyer, the innocent buyer's subsequent offer to sell still triggered the plain language of the on-sale bar. Further, we explained that patentees could still protect themselves in these circumstances by taking "prompt action" and filing a patent application within the one-year deadline. Here, OEA could have protected itself in the same manner, as its contractual relationship with Coors certainly provided no obstacle to a timely patent application filing.

[W]e . . . hold that no "supplier" exception exists for the on-sale bar. If such an exception is to be created, Congress, not this court, must create it. [O]ur holding here comports with the primary policy of the on-sale bar; namely, the policy of "encourag[ing] an inventor to enter the patent system promptly." [T]he on-sale bar would apply even if a patentee's commercial activities took place in secret. We see no reason why sales for the purpose of the commercial stockpiling of an invention, even if they took place in secret, should merit different treatment.