



UNIVERSITY OF
MARYLAND
SCHOOL OF LAW

**PATENT LAW
UPDATE**

***Linear Tech.
Corp.***
v.
Micrel, Inc.

Nos. 99-1598,
00-1045
Federal Circuit
Dec. 28, 2001

“[O]nly an offer which rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under § 102(b).”

On December 28, 2001, the Federal Circuit reversed the district court’s judgment following a bench trial that U.S. Patent No. 4,755,741 is invalid under the on-sale bar of 35 U.S.C. § 102(b). The patented technology related to switching regulator circuitry that provides regulated voltages or currents to electrical devices. The Federal Circuit noted:

To prevail on an on-sale bar defense, an accused infringer must demonstrate by clear and convincing evidence that “there was a definite sale or offer for sale of the claimed invention prior to the critical date, defined as one year prior to the U.S. filing date to which the application was entitled.” [T]he on-sale clock begins to run when two conditions are met: (1) “the product must be the subject of a commercial offer for sale”; and (2) “the invention must be ready for patenting.” [T]his court [has] held that “[o]nly an offer which rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under § 102(b).” . . .

Because the on-sale bar involves questions of patent law requiring national uniformity, [this court] declined to rely on the law of the particular state in which the transaction occurred, instead holding that the existence of an offer for sale should be analyzed “under the law of contracts as generally understood.” [T]he Uniform Commercial Code (“UCC”) should inform the analysis of the contractual issues. Of course, the UCC is a model code—it does not itself have the force of law and no body of case law has explored its provisions. Instead, it has been enacted with modifications in the several states. Thus, the body of case law from which we must draw guidance . . . is that of the state and federal courts interpreting their individual versions of the UCC.

[T]he district court based its conclusion of invalidity on two alternative grounds: first, that LTC’s active promotion of the LT1070 to customers before the critical date triggered the on-sale bar, and second, that LTC actually sold the LT1070 to four of its independent European distributors before the critical date under the will-advise procedure, which also triggered the bar.

[N]one of the pre-critical date communications between LTC and its sales representatives or between the sales representatives and customers rose to the level of an offer for sale that would form a contract if accepted. Thus, as a matter of law, none of them triggered the on-sale bar . . .

We therefore turn to the facts to determine whether they support the conclusion that at least one invalidating contract for sale was concluded under the will-advise procedure before the critical date. [W]hile we have testimony from LTC as to what it thought the will-advise notation meant internally (*i.e.*, just a delay in shipping), and while it is true that the UCC does not require a price term or shipping date to form a valid contract, we are still short a crucial piece of evidence necessary to find a contract: proof of a valid acceptance before the critical date. . . . Without an acceptance, there can be no contract, and hence, . . . no on-sale bar.