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Patentability Issues: The On-Sale Bar Explained

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What is the On-Sale Bar and Why Does it Exist?

The on-sale bar is a statutory provision stating that a patent will not be granted on an application filed more than one year after the invention was on sale. The law seeks to avoid a situation where an inventor brings his or her new invention to the market, keeping its method of manufacture a secret, waits until the invention achieves significant success in the marketplace or attracts competitors, and only then files an application to patent the invention.

If an inventor could pursue such a course of action and succeed, the purpose of the patent system would be subverted. The patent system is meant to encourage the disclosure of new inventions so that other researchers can build on the new developments and create new innovations. If the inventor waits years to provide any meaningful disclosure, that purpose is not being fulfilled.

Allowing the above scenario to unfold would also have a chilling effect on competition and the deployment of new products in the market. No matter how long a product had been on the market, competitors could not know whether the product might be patented at some point in the future or what range of products such a patent would cover, discouraging them from attempting to compete. This would also allow inventors to extend patent protection, lasting 20 years from the filing date of their application, further into the future.

For the above reasons and more, any invention becomes unpatentable if no application has been filed within one year of it being sold or offered for sale. At that point, the patent rights to the invention

are abandoned in favor of the public. Understanding the reasons for the on-sale bar will help you to remember when it applies and when it does not.

When Does the On-Sale Bar Apply?

So you have a year after your invention goes on sale to get a patent application in to the PTO. Of course the first question that arises with regard to the on-sale bar is: what does "on sale" mean? Second question: what is "the invention"?

When is an Invention "On Sale"?

An actual sale or offer to sell an invention makes the invention "on sale".

The following sales/offers do trigger the on-sale bar:

- A single sale
- A nonprofit sale
- A conditional sale
- An offer for sale that is rejected or not received
- An offer for sale without the seller having the goods on hand
- A private sale
- A sale without the inventor's consent

Once you offer your invention for sale to anyone for commercial exploitation, your invention is considered to be on the market. The law will not concern itself with the number of offers you made,

how much profit you made, whether you were successful in the marketplace, how many people knew about it, etc.

The following sales do not trigger the on-sale bar:

- A sale primarily for experimental purposes
- An insider sale to a person or entity controlled by the seller
- An offer for sale that does not include material terms or otherwise does not qualify as an offer under contract law

The law is concerned with commercial exploitation of your invention, not experimental development. Similarly, a sale to another entity you control is not truly commercial exploitation of your invention that places it on the market. There was no other party to the sale and therefore no market transaction. An off-hand, non-commercial offer, without material terms, does not rise to the level of placing your invention on the market. Only once you have set terms for the sale that could be accepted by a buyer without further negotiation have you taken the step of definitively deciding to exploit your invention.

Evidentiary Issues

Objective evidence of the sale/offer for sale and of the subject of the sale/offer is necessary to show that the on-sale bar applies. Publications that otherwise do not qualify as prior art can be used to prove a sale or offer for sale of the invention.

What qualifies as "The Invention"?

A sale is considered to be "of the invention" if the subject matter of the sale would anticipate the claimed invention or render it obvious in view of the prior art. That means the test of the on-sale bar is applied separately to every claim of an application. The relevant question is, if what you sold was prior art, would it, by itself or in combination with other prior art, render your claim unpatentable?

A sale of the patent rights to an invention is not a sale of the invention- assigning (selling) your application or right to file an application to another person or entity for money does not trigger the on-sale bar.

For the on-sale bar to apply, the invention must also have been ready for patenting at the time the sale or offer to sale was made. An offer to sell a solution to a problem, where you have not yet determined how you will achieve the solution, is not a sale of the invention that you later develop. The sale must contemplate a completed invention as its subject to implicate the on-sale bar. Think back to the reasons for the rule- if you have not finished the invention, you cannot yet disclose it.

When is an Invention "Ready for Patenting"?

An invention is considered ready for patenting if it has been reduced to practice or if the inventor has prepared drawings or other descriptions of the invention sufficiently specific to enable a person skilled in the art to practice the invention.

Actual reduction to practice (also discussed here) means that the invention has been tested under actual working conditions to demonstrate the usefulness of the invention for its intended purpose. An exception to this rule is that certain very simple inventions will obviously work. In that case,

testing to prove effectiveness is not necessary for reduction to practice. Under such circumstances, conception (explained in an article here) and reduction to practice may be simultaneous. Reduction to practice does not require that the invention be ready for commercial sale.

When is a Process Invention On Sale?

A process invention is not a tangible item, which makes it more difficult to determine whether it has been sold. A sale of know-how, describing what the process is and how it is implemented, does not count as a sale of the invention because the process has not been carried out or performed as a result of the transaction.

Sale of a product made by the claimed process is a sale of the process invention, as is a performance of the claimed process for money or other consideration. Sale of a device embodying a claimed process may also constitute sale of the invention. The sale of a prior art device not disclosed in your application that could carry out your claimed process, but is not known to have actually carried it out, is not a sale of the invention.

Conclusion

Now you know all about the on-sale bar. Hopefully, you have gained some respect for the complexity of the topic. If any questionable on-sale issues arise, you should discuss them with your patent attorney right away.