SUPREME COURT OF THE UNITED STATES

IN THE SUPREME COURT OF THE	UNITED STATES
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HELSINN HEALTHCARE S.A.,)
Petitioner,)
v.) No. 17-1229
TEVA PHARMACEUTICAL USA, INC.,)
ET AL.,)
Respondents.)
	_

Pages: 1 through 63

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4	Petitioner,)
5	v.) No. 17-1229
6	TEVA PHARMACEUTICAL USA, INC.,)
7	ET AL.,)
8	Respondents.)
9		
10	Washington, D.C.	
11	Tuesday, December 4	, 2018
12		
13	The above-entitled matter	came on for oral
14	argument before the Supreme Cour	t of the United States
15	at 11:05 a.m.	
16		
17	APPEARANCES:	
18	KANNON K. SHANMUGAM, ESQ., Washi	ngton, D.C.; on
19	behalf of the Petitioner.	
20	MALCOLM L. STEWART, Deputy Solic	itor General,
21	Department of Justice, Washi	ngton, D.C.; for
22	the United States, as amicus	curiae,
23	supporting the Petitioner.	
24	WILLIAM M. JAY, ESQ., Washington	, D.C., on behalf
25	of the Respondents.	

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1	PROCEEDINGS
2	(11:05 a.m.)
3	CHIEF JUSTICE ROBERTS: We'll hear
4	argument next in Case 17-1229, Helsinn
5	Healthcare versus Teva.
6	Mr. Shanmugam.
7	ORAL ARGUMENT OF KANNON K. SHANMUGAM
8	ON BEHALF OF THE PETITIONER
9	MR. SHANMUGAM: Thank you, Mr. Chief
10	Justice, and may it please the Court:
11	In the America Invents Act, Congress
12	transformed the nation's patent laws. As part
13	of its shift from a first-to-invent to a
14	first-to-file system, Congress revised the
15	definition of "prior art" and clarified the
16	proper understanding of the phrase "on sale."
17	The on-sale bar, like the other bars
18	in the definition, reaches only a disclosure
19	that makes the claimed invention available to
20	the public. That interpretation is consistent
21	with the plain text of the definition and its
22	legislative history. It's consistent with the
23	predominant objective of the on-sale bar as
24	repeatedly articulated by this Court; namely,
) E	to progerio the public's assess to inventions

1 that have entered the public domain. 2 CHIEF JUSTICE ROBERTS: Well, it might 3 not be consistent with the actual meaning of 4 the word "sale," though, right? 5 MR. SHANMUGAM: The critical phrase --CHIEF JUSTICE ROBERTS: 6 If you're 7 having -- if you're -- if something's on sale, 8 it doesn't have to be on sale to everybody. It 9 could be just I'm going to sell something to 10 you. MR. SHANMUGAM: Well, the critical 11 phrase, Mr. Chief Justice, is not "sale." It 12 is "on sale." And I do think that the more 13 natural understanding of "on sale" is that 14 15 something has been made available for purchase 16 by the public. 17 And so, for instance, if after this 18 argument in the lawyers lounge I turn to my 19 friend, Mr. Jay, and I say, I see that you 20 didn't bring a coat today, I'll sell you my coat for \$5, I'm not sure that that would be 21 22 putting my coat on sale in the same way that it would be if I turned around to the audience and 23 said I'll sell this coat to the highest bidder. 24 25 JUSTICE KAVANAUGH: Why not? I don't

- 1 -- and if it's sold, it's pretty hard to say
- 2 something that has been sold was not on sale.
- 3 MR. SHANMUGAM: I think that the
- 4 concept of "on sale," Justice Kavanaugh,
- 5 conveys some sense of broader availability or,
- at a minimum, that there's some ambiguity about
- 7 that.
- 8 That is to say, I think I'm willing to
- 9 recognize that perhaps you could make the
- 10 argument that even offering something privately
- 11 to one person could be said to be putting
- 12 something on sale.
- Our view as a textual matter is that
- 14 to the extent that there's any ambiguity --
- JUSTICE KAVANAUGH: Isn't it always
- the case that if you offer it to even one
- person or to a small group of people, it's on
- 18 sale?
- 19 MR. SHANMUGAM: I think that I
- 20 would --
- JUSTICE KAVANAUGH: I -- I guess I'm
- 22 not understanding that.
- MR. SHANMUGAM: I think I would say,
- Justice Kavanaugh, that something can be on
- 25 sale regardless of how widely it is, in fact,

- 1 sold. So, for instance, if you put something
- 2 in the shop window and no one, in fact, wants
- 3 to buy it and no one, in fact, buys it, it can
- 4 still be on sale.
- 5 But, again, to the extent that there
- 6 is any doubt about the phrase "on sale" in
- 7 vacuo, I think that that doubt probably was
- 8 eliminated before the AIA by the surrounding
- 9 phrases, all of which, by Respondents'
- 10 recognition, convey some notion of public
- 11 availability.
- 12 And then any lingering doubt was
- 13 completely removed by the inclusion of the
- 14 catch-all phrase "in the AIA."
- 15 JUSTICE BREYER: You said that the
- opinions of this Court support you, but, of
- 17 course, you know perfectly well is you have --
- we only have Justice Story, Learned Hand, and I
- 19 quess various others, maybe John Marshall for
- 20 all I know, who -- who -- who said that that
- isn't the sole purpose, that the purpose of
- this on-sale rule including private sales is to
- 23 prevent people from benefiting from their
- invention prior to and beyond the 20 years that
- 25 they're allowed.

1	MR. SHANMUGAM: Justice
2	JUSTICE BREYER: And and that's
3	so I read that, I had my clerk look it up,
4	seems right.
5	MR. SHANMUGAM: Justice Breyer,
6	Respondents' whole argument before this Court,
7	I would respectfully submit, is really a junior
8	varsity version of congressional ratification.
9	No fewer than six times in their brief they
10	refer to the two centuries of precedent.
11	JUSTICE BREYER: Uh-huh.
12	MR. SHANMUGAM: I would respectfully
13	vigorously disagree with that, particularly
14	with regard to this Court's decisions. And let
15	me get to Judge Hand, but let me start with
16	this Court's decisions, starting with Justice
17	Story's opinion in Pennock.
18	This Court has consistently
19	articulated the predominant purpose of the
20	on-sale bar as preserving the public's access
21	to inventions that have entered the public
22	domain.
23	Indeed, if you go back to Pennock,
24	Justice Story, at a time when the on-sale bar
25	was not yet codified in the statute,

- articulated the purpose in precisely that term 1 2 both with regard to the public use bar and with 3 regard to the on-sale bar. He said, if the 4 inventor shall put the invention into public 5 use or sell it for public use before he applies 6 for a patent, this shall furnish another bar to 7 his claim. And all the way through to this 8 Court's decision in Pfaff, this Court has 9 10 referred to "the reluctance to allow an 11 inventor to remove existing knowledge from 12 public use" and has said that that purpose 13 undergirds the on-sale bar. And I --JUSTICE KAVANAUGH: Doesn't commercial 14
- MR. SHANMUGAM: I don't think we would dispute that that is one way of characterizing the underlying purpose, and that is what Judge

exploit -- exploitation also undergird the bar?

JUSTICE BREYER: Of course, that can

Hand said in the Metallizing opinion.

- 21 all be secret. It's not very hard.
- MR. SHANMUGAM: But I don't think --
- JUSTICE BREYER: You have an invention
- 24 --

15

19

25 MR. SHANMUGAM: I think to --

JUSTICE BREYER: -- that is practiced 1 2 -- well, I'm looking at the word "practice." And it's not just one word. It's also 3 4 practicing the invention. And you can practice 5 the invention in such a way that the user of the invention can't find out what the invention 6 That's not uncommon. 7 is. MR. SHANMUGAM: Let me say --8 JUSTICE BREYER: And, therefore, we 9 have two that do not involve the public 10 11 awareness of the invention itself or how it is 12 produced. 13 MR. SHANMUGAM: So let me say just one last thing about this Court's decisions and 14 15 then address that concern directly. 16 I think that if you were to adopt our 17 interpretation under which public availability 18 is required to trigger the on-sale bar, just 19 like all of the other bars, you would not have to discard any of the reasoning of this Court's 20 cases and you wouldn't have to change any of 21 22 the outcomes of this Court's cases. We believe that all of this Court's cases on their facts 23 would come out the same way. 24 25 Now, with regard to this alternative

- 1 formulation of the purpose, which I think
- 2 really first appeared prominently in Judge
- 3 Hand's opinion in Metallizing and then did --
- 4 did get picked up in a couple of this Court's
- 5 decisions, I'm willing to accept that, when you
- 6 have a sale, there is obviously a commercial
- 7 aspect to that. The person who sells the item
- 8 receives some consideration in response to
- 9 that.
- 10 But I don't think it's fair to say
- 11 that what Judge Hand was doing was saying that
- the on-sale bar reaches all forms of pre-patent
- 13 commercialization. I think that that is an
- 14 over-reading of the on-sale bar.
- 15 And I think that, critically, even our
- interpretation of the on-sale bar obviously
- 17 substantially limits an inventor's ability to
- 18 profit from his or her invention because, if
- 19 you do have public availability and a sale,
- that is still going to be prohibited.
- JUSTICE GINSBURG: Mr. Shanmugam, is
- 22 it --
- 23 MR. SHANMUGAM: Our submission is
- 24 simply that the statute --
- 25 JUSTICE GINSBURG: May -- may -- would

- 1 you please clarify one thing? I -- I thought
- 2 that one argument was that the AIA changed the
- 3 way it was. But your definition of "on sale"
- 4 seems to apply -- you seem to say there was no
- 5 change; "on sale" never included the secret
- 6 sale.
- 7 MR. SHANMUGAM: Justice Ginsburg, as I
- 8 said at the outset, I think that what Congress
- 9 did in the AIA was to clarify the proper
- 10 understanding of the phrase. And I do think
- 11 that at least our argument concerning the
- 12 noscitur a sociis canon would still have
- 13 applied even before the AIA. Obviously, we
- have the addition of the catch-all phrase.
- 15 And I think, under this Court's
- 16 decisions construing materially identical
- 17 language, catch-all provisions do shed light on
- 18 the meaning of the categories that precede
- 19 them. But in our view --
- 20 JUSTICE KAVANAUGH: If that was a --
- 21 MR. SHANMUGAM: -- in terms of what
- 22 the --
- 23 JUSTICE KAVANAUGH: -- if that was a
- 24 clarification, it was a terrible clarification
- 25 because there were a lot of efforts, as you

- 1 well know, to actually change the "on sale"
- 2 language, and those all failed.
- 3 MR. SHANMUGAM: I think, in fairness,
- 4 Justice Kavanaugh, I would say that this was
- 5 exactly the way to achieve Congress's dual
- 6 objective. First --
- 7 JUSTICE KAVANAUGH: You don't think it
- 8 would have been easier to just change it
- 9 directly, as many members of Congress tried to
- 10 do repeatedly and failed?
- 11 MR. SHANMUGAM: I -- I think that that
- is, with respect, an overstatement of what
- members of Congress tried to do. I think that,
- 14 at most, as Respondents point out, there were
- 15 bills that would have deleted "public use" and
- 16 "on sale" from the definition.
- 17 But I think that there was good
- 18 reason, actually, to retain those phrases. As
- 19 the legislative history to which -- to which
- 20 Respondents point suggests, there was a
- 21 surrounding jurisprudence concerning these
- terms which Congress may have wanted to retain,
- things like the ready for patenting
- 24 requirement.
- 25 Retaining those phrases also made

1 clear that where the inventive embodiment is in 2 the public domain, the statute reaches those 3 cases no differently from when the inventive 4 idea is in the public domain. 5 What Congress was trying to do in the catch-all provision and the House and Senate 6 7 reports, the most definitive form of legislative history, bear this out, was to 8 achieve two objectives: to make sure that they 9 reached all forums of prior art, such as oral 10 11 presentations, PowerPoint presentations, and 12 the like, and also to clarify that any form of 13 prior art must be publicly available. And notably -- and this gets to 14 15 Justice Ginsburg's question about whether there 16 was a change in the law -- I do think that what 17 Congress was doing was abrogating some of the 18 outlying lower court decisions that had extended both the on-sale bar and the public 19 20 use bar to cases where there was not public 21 availability. 22 And, indeed, the legislative history 23 identifies by name some of the public use cases that had so held, cases like the Beachcombers 24 25 decision from the Federal Circuit and the

- 1 JumpSport decision. We also point to some of
- 2 the on-sale cases that had extended to sales
- 3 that did not involve public availability, cases
- 4 like Special Devices and Caveney.
- 5 And I think, Justice Kavanaugh, that
- 6 that's precisely why you should think that what
- 7 Congress did here was fit for a purpose.
- I think we would certainly acknowledge
- 9 that Congress could have modified the language
- of "on sale," but what Congress wanted to do,
- 11 we would respectfully submit, was also to fix
- 12 some of this outlying Federal Circuit case law
- 13 on public use.
- Now, of course, that phrase "public
- 15 use" one might think would have inherently
- 16 conveyed some notion of public availability, as
- 17 Respondents themselves suggest in their brief.
- 18 But at the same time, you had the Federal
- 19 Circuit extending the public use bar to
- 20 circumstances in which inventions were
- 21 displayed, and private parties, the JumpSport
- 22 case involved a trampoline in the inventor's
- 23 backyard. These were cases where, in our view,
- there would not have been public availability.
- 25 And so Congress, in including the

- 1 catch-all provision, did what Congress did in
- 2 cases like Seatrain Lines and Paroline. It
- 3 shed light on the meaning of the pre-existing
- 4 specified provisions, and to be sure, in those
- 5 cases, everything was enacted at the same time,
- 6 but as a textual matter, you have to read the
- 7 statute as a whole.
- 8 And, again, Respondents' argument here
- 9 really rests on this notion of congressional
- 10 ratification. The first part of that is the
- 11 part that I've already addressed, this notion
- 12 that there was some settled body of law saying
- 13 that you don't have to have public
- 14 availability. And not only did this Court
- 15 never say that, this Court never did that.
- But, of course, the second component
- of any congressional ratification argument is
- 18 that you have to have statutory language that
- 19 was not changed. And this provision was
- 20 dramatically revised and, to be sure, some
- 21 elements of the pre-AIA definition, including
- the phrase "on sale," were retained, but at the
- same time, Congress added the catch-all phrase.
- 24 It defined a claimed invention. And, of
- 25 course, it shifted to a first-to-file system,

- 1 which largely addresses this concern about
- 2 improper commercialization because, of course,
- 3 any inventor who engages in commercial activity
- 4 without applying in a first-to-file system runs
- 5 the risk that another inventor will beat them
- 6 to the Patent Office.
- 7 And that is a concern, I would
- 8 respectfully submit, that is particularly acute
- 9 in a context like this.
- 10 JUSTICE KAVANAUGH: On -- on the first
- 11 part of what you just said as to what the law
- was, the amicus brief, the Lemley amicus brief
- 13 says the law has always treated secret sales
- 14 and uses as prior art. Are you disagreeing
- 15 with that?
- 16 MR. SHANMUGAM: I am disagreeing with
- 17 that. And, again, in our view, and the
- 18 government can offer its view with the
- 19 institutional heft of the Patent Office, there
- 20 is no decision of this Court that would have to
- 21 be disturbed.
- In our view, there are a handful of
- 23 Federal Circuit cases that would come out
- 24 differently if a public availability
- 25 requirement is applied.

And I want to say one more --

JUSTICE BREYER: What about Bonito

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2

3	Boats? I mean, in Bonito Boats, this Court,
4	while it isn't necessary for the holding, does
5	quote Learned Hand, and it does say it is a
6	condition upon the inventor's right to a patent
7	that he shall not exploit his discovery
8	competitively after it is ready for patenting.
9	He has to go ahead and patent it or keep it a
10	secret forever.
11	So an inventor who, in fact, in year
12	one has his invention ready for patenting, and
13	goes around from one person to another secretly
14	selling it to each with a confidentiality
15	agreement, is a person who is exploiting his
16	agreement his invention and, therefore,
17	since he didn't do it through a patent, he
18	loses the right for a patent.
19	That seemed to me the clear pretty
20	clear rationale of Learned Hand, of why the
21	Court did that in Bonito Boats, of why Justice
22	Story said what he said, and I think it's that
23	that the Lemley brief was relying upon when
24	they made that statement.
25	MR. SHANMUGAM: We are not disagreeing

- 1 that that can be fairly read to be a purpose of
- the on-sale bar. My submission is a much more
- 3 modest one. It is that, in order to accept
- 4 Respondents' submission, you have to think that
- 5 the on-sale bar really pursues that purpose at
- 6 all costs.
- 7 And part of the reason why we know
- 8 that that is not true is because Respondents
- 9 themselves concede that, if this arrangement
- 10 had been structured slightly differently, if
- 11 this had been structured as a right to profit
- 12 sharing rather than a -- a structure where you
- 13 have upfront payments followed by payments per
- unit for any eventual product, if there even is
- 15 one --
- 16 JUSTICE BREYER: Can we -- can we
- 17 accept that point, write something in your
- 18 favor on that, that is, that there is a
- 19 question of what is on sale. It's not the
- 20 public/private question.
- There are experimental exceptions, for
- 22 example, and perhaps there should be other, if
- 23 not exceptions, at least care taken to be
- 24 certain that it is an exploitation of the
- 25 invention when it is a private sale.

1 I mean, to go that far seems 2 consistent with what we have previously said and what they say with the exceptions in the 3 4 statute. 5 It's where you want much more than that, really, that -- you've read --6 7 MR. SHANMUGAM: I -- I don't think we 8 want --9 JUSTICE BREYER: -- the Lemley brief. 10 I've read the Lemley brief. We've all read these different --11 12 MR. SHANMUGAM: Justice Breyer, I 13 don't think we want much more than that. We might suggest, respectfully, that the opinion 14 15 be written slightly differently. 16 JUSTICE BREYER: Yes. 17 MR. SHANMUGAM: I mean, I think that 18 we think that this Court should correct the 19 Federal Circuit's error, which is to say that 20 public availability is not required. 21 Now Respondents, we believe, have 22 forfeited any argument that there is public 23 availability here. But we also think that this would be an easy case under a public 24 availability requirement, both because this 25

- 1 involved a sale to a single distributor, MGI,
- 2 that was under an obligation of
- 3 confidentiality, and also because this was a
- 4 development arrangement of which distribution
- 5 was an eventual possible part.
- 6 There was not even a product at the
- 7 time of this arrangement. And so we certainly
- 8 think that this would be an easy case under a
- 9 public availability requirement.
- 10 I'd like to reserve the balance of my
- 11 time for rebuttal. Thank you.
- 12 CHIEF JUSTICE ROBERTS: Thank you,
- 13 counsel.
- 14 Mr. Stewart.
- 15 ORAL ARGUMENT OF MALCOLM L. STEWART
- 16 FOR THE UNITED STATES, AS AMICUS CURIAE,
- 17 SUPPORTING THE PETITIONER
- 18 MR. STEWART: Mr. Chief Justice, and
- 19 may it please the Court:
- In the government's view, there are
- 21 two basic reasons that the transaction at issue
- here shouldn't be held to trigger the on-sale
- 23 bar. First, MGI was not a company that
- intended to use the drug for its -- that
- 25 planned to use the drug for its intended

- purpose by administering it to patients. MGI
 proposed to function as a financial
- 3 intermediary that would take title to the
- 4 Palonosetron but ultimately would resell it.
- 5 And, second, even as to MGI itself,
- 6 the transaction did not provide any assurance
- 7 that title would ultimately pass because the
- 8 terms of the deal were subject to various
- 9 contingencies. And I'd like to focus on the --
- 10 the first point first.
- None of this -- none of the Court's
- decisions in either the public use or the --
- 13 the on-sale bar apply -- holding those bars to
- 14 apply have dealt with situations involving
- 15 distribution intermediaries. All -- all but
- one of those cases have involved fact patterns
- in which the invention was actually out there
- in the world being used for its intended
- 19 purposes, and that was what was held to trigger
- the on-sale or the public use bar.
- 21 The only exception to that is Pfaff,
- 22 because Pfaff involved an offer for sale that
- had not yet been consummated, and the Court
- 24 held that the bar was triggered even though the
- invention had not yet been supplied.

But even in Pfaff, you had a firm 1 2 offer to Texas Instruments that proposed --3 that intended to use the component for its 4 ultimate purposes to be incorporated into 5 larger machines. You didn't have an entity 6 that intended to buy the product solely for 7 resale. And -- and I think in terms of how do 8 we usually understand phrases like "on sale" or 9 "available to the public," our reading really 10 conforms much more closely to usual public 11 That is, if you imagine a situation 12 practices. 13 with a new product like an iPhone, it's manufactured. It's sold to a wholesaler. 14 15 wholesaler sells it to a retailer. And then 16 the retailer sells it to consumers. There's a 17 train of transactions that constitute UCC 18 sales. 19 But, if you ask an ordinary speaker of the language at what point did the iPhone go on 20 sale or become available to the public, you 21 22 would say that it's when consumers could buy 23 it, when the people who planned to use the 24 phone for its intended purpose --25 JUSTICE SOTOMAYOR: If you ask a

- 1 consumer. But if you ask in the industry to 2 distributors, they'll say the moment that Apple
- 3 was going to start shipping it to distributors.
- 4 MR. STEWART: I think you --
- 5 JUSTICE SOTOMAYOR: That I didn't win
- 6 is irrelevant to me. It was on sale the moment
- 7 distributors were going to pick it up and ship
- 8 it out.
- 9 MR. STEWART: You -- you might use a
- 10 phrase like "on sale to distributors" or "on
- sale to resellers" -- "resellers," but I don't
- think you would use the phrase "on sale"
- 13 standing alone. And it would certainly be odd
- to describe the phone as being made available
- to the public at the time that Apple was
- 16 accepting bids as to who would --
- 17 JUSTICE SOTOMAYOR: This definition of
- "on sale," to be frank with you, I've looked at
- 19 the history cited in the briefs, I looked at
- the cases, I don't find it anywhere.
- You're sort of giving "on sale to the
- 22 public" its meaning, but those are not the
- words used by Congress. Congress could have
- 24 said "on sale to the public." And then we
- 25 might have to grapple with this. Congress just

- 1 said "on sale."
- 2 MR. STEWART: It said -- it retained
- 3 the phrase "on sale," but it added the phrase
- 4 "or otherwise available to the public." And
- 5 that served two purposes.
- 6 It functioned as a catch-all so that
- 7 things that were not enumerated might still
- 8 constitute prior art. But it also served the
- 9 purpose of clarifying that the preceding
- 10 enumerated categories were different ways of
- 11 making the invention available to the public.
- 12 And as we pointed out in the brief,
- 13 the on sale -- the --
- 14 JUSTICE SOTOMAYOR: Doesn't that
- 15 defeat your argument?
- 16 MR. STEWART: I'm sorry?
- 17 JUSTICE SOTOMAYOR: If that phrase has
- an independent meaning, and you've just given
- 19 it two, then why don't we take the words
- 20 Congress used with their history? Because they
- 21 didn't say "on sale to the public"; they just
- 22 said "on sale." And when you have a historical
- term that has a history, as a matter of course,
- 24 we look at that history.
- 25 MR. STEWART: I -- I think it's

- 1 certainly appropriate to -- to look to the 2 Court's -- to -- to the history, in particular to this -- particularly to this Court's prior 3 4 decisions. And if this Court had previously 5 held the on-sale bar to be applicable to sales to distribution intermediaries, then we might 6 7 say this is a fairly oblique way of overturning 8 those decisions. 9 Our -- our key point is this Court --10 JUSTICE KAGAN: So is that right? If -- if -- if you assume for a moment that the 11 12 law was pretty settled before the AIA, then do you think that the AIA would -- that the 13 14 language added in the AIA would have been 15 capable of flipping that settled law? 16 MR. STEWART: If you thought it was 17 settled by this Court's decisions that the 18 on-sale bar applied to this sort --19 JUSTICE KAGAN: How about if I say it was settled because this Court had decided 20 21 Pfaff and because the Federal Circuit had a
- 23 MR. STEWART: I -- I don't think

number of cases?

- that's sufficient to treat the law as settled,
- 25 especially because there is evidence both from

- 1 the face of the statute, the fact that
- 2 "otherwise available to the public" was added,
- 3 also from the legislative history, that
- 4 Congress was attempting to clarify that the
- 5 enumerated terms were ways of making the
- 6 invention available to the public.
- 7 I mean, the other thing I would say to
- 8 -- to follow up on something that my -- my
- 9 colleague mentioned is that one of the
- 10 justifications for the on-sale bar
- 11 traditionally has been prevent the inventor
- 12 from profiting before he is ready to put his
- 13 invention up for patent.
- 14 And that justification -- that
- 15 justification is neither sufficient nor
- 16 necessary on Respondents' view of the case.
- 17 That is, as Mr. Shanmugam pointed out,
- 18 Respondents themselves agree that there are
- other transactions by which Helsinn could have
- 20 gotten money up front, could have gotten seed
- 21 money in return, for instance, for promising a
- 22 share of the profits. Those would not have
- 23 triggered the on-sale bar.
- 24 The other thing is that, in the
- 25 Federal Circuit's decisions, it's not even

- 1 necessary that the inventor profit from the
- 2 sale in order for the -- the on-sale bar to
- 3 apply. The Federal Circuit has confronted fact
- 4 patterns in which the inventor will ask an
- 5 outside supplier to produce physical
- 6 embodiments of the invention and deliver those
- 7 to the inventor.
- 8 Obviously, the inventor is not
- 9 profiting from that. The inventor is paying
- 10 money for the production. And the court -- the
- 11 Federal Circuit has said that triggers the --
- that at least potentially triggers the on-sale
- 13 bar --
- 14 JUSTICE KAGAN: So --
- 15 MR. STEWART: -- because there's a UCC
- 16 sale.
- 17 JUSTICE KAGAN: So, Mr. Stewart, I'm
- 18 going to ask you to accept my assumption, and
- 19 it's a big assumption, I realize that. But
- 20 just accept the assumption that the law was
- 21 settled prior to the AIA and it was settled
- 22 Mr. Jay's way, not your way.
- Then is the new language that the AIA
- 24 put in the statute -- would that be enough to
- 25 unsettle it?

MR. STEWART: No, I think that would 1 2 be a fairly oblique way of attempting to overturn kind of a settled body of law. But, 3 4 as I say, the -- the body of law that the 5 Federal Circuit has developed doesn't map onto 6 any policy justification. 7 The other thing I would say about 8 Pfaff is that, in Pfaff, the Court emphasized that the sale was what it referred to as a 9 10 commercial sale rather than an experimental 11 sale. And the Court at some length discussed 12 the body of cases involving the experimental 13 use doctrine and the --14 JUSTICE KAVANAUGH: You --15 MR. STEWART: I'm sorry, Justice 16 Kavanaugh? 17 JUSTICE KAVANAUGH: Go ahead. 18 MR. STEWART: And the -- the Court has 19 recognized that even when an invention is being 20 used out in the public square in a manner that is visible to the public, it's not the sort of 21 22 public use that triggers the public use bar if 23 it is being done for experimental purposes, to verify that the invention will work as a stage 24 25 precedent to patenting.

Т	And the Court in Plair Strongly
2	indicated if a sale is made so that the buyer
3	can engage in experimentation, rather than to
4	use the product to achieve its intended
5	benefits, that won't trigger the on-sale bar.
6	JUSTICE KAVANAUGH: You you
7	mentioned the legislative history, but, here,
8	isn't this a classic example of trying to
9	snatch victory from defeat in some of the
10	legislative statements?
11	In other words, there was this law
12	before, as Justice Kagan mentions, a huge
13	effort to change it, lots of proposals to
14	change it. They all fail, and then a couple
15	statements said on the floor on which you're
16	relying. I I think the legislative history
17	read as a whole, goes exactly contrary.
18	MR. STEWART: Well, to answer that,
19	let me point to to one of the things
20	JUSTICE KAVANAUGH: What's wrong with
21	thinking that way?
22	MR. STEWART: I think what's wrong
23	with thinking that way is that, as we've
24	pointed out in our brief, the the prior art
25	provision encompasses two conceptually distinct

- 1 ways of placing an invention in the public
- 2 domain.
- 3 If the invention is patented or
- 4 described in a printed publication, that means
- 5 that the inventive idea has been made available
- 6 to persons skilled in the art such that they
- 7 would be able to make it. And the on-sale bar
- 8 and public use bars deal with situations in
- 9 which physical embodiments of the invention had
- 10 been placed in the -- the public domain.
- Now some of the proposals that you
- 12 refer to, Justice Kavanaugh, would have said
- 13 things to the effect of it has been patented --
- 14 patented, described in a printed publication or
- otherwise available to the public.
- I think, if that language had been
- 17 used and there had been no reference to on sale
- or public use, it would have been at least a
- 19 permissible inference that the "otherwise
- 20 available to the public" referred solely to
- 21 circumstances in which the inventive idea had
- 22 been disclosed.
- 23 And that would have -- that really
- 24 would have overturned a great deal of this
- 25 Court's law concerning the on-sale and public

- 1 use bars because those can be triggered even if
- 2 the public is not aware of how the invention
- 3 works, so long as physical body -- embodiments
- 4 have been made available.
- 5 So I think Congress got the best of
- 6 both worlds by -- by clarifying that all these
- 7 things have to be public in some manner, but
- 8 also clarifying that making physical
- 9 embodiments available is sufficient.
- 10 CHIEF JUSTICE ROBERTS: Thank you,
- 11 Mr. Stewart.
- 12 Mr. Jay.
- 13 ORAL ARGUMENT OF WILLIAM M. JAY
- 14 ON BEHALF OF THE RESPONDENTS
- 15 MR. JAY: Thank you, Mr. Chief
- 16 Justice, and may it please the Court:
- 17 A product that is sold or offered for
- 18 commercial sale is on sale, as this Court has
- 19 consistently read that term. That established
- 20 meaning didn't change when Congress added a new
- 21 category of invalidating prior art to the
- 22 statute. That's events that make the invention
- 23 available to the public in other ways not
- 24 already covered by the statute.
- So Helsinn's argument, as you heard

- 1 this morning, is that although it sold its
- 2 invention, that sale did not place the
- 3 invention on sale. We submit that not only did
- 4 Helsinn place the invention on sale, it also
- 5 made the invention available to the public.
- 6 But I'd like to begin with first the
- 7 plain meaning of "on sale." We think that the
- 8 reason that the statute uses "on sale" and that
- 9 this Court has always read it this way,
- 10 including in Pfaff, is to cover offers for
- 11 sale. If it just -- if the statute simply said
- 12 sales, then it wouldn't cover offers. And
- offers are important for two important reasons
- 14 -- for two key reasons.
- One, an offer shows -- the willingness
- 16 to place the invention on sale, to make an
- offer to sell the product, shows that the
- inventor is ready to commercialize the
- 19 invention. And if they're ready to
- 20 commercialize the invention, and then the
- 21 second half of the Pfaff test is met, the
- invention itself is ready for patenting, then
- 23 the inventor ought to be going to the Patent
- 24 Office and applying for a patent.
- 25 If instead the inventor wants to

- 1 commercialize the invention, deriving profit
- 2 from it, then the inventor can do that but
- 3 should not expect a legal monopoly that could
- 4 extend past the statutory term.
- 5 JUSTICE ALITO: Well, I think the most
- 6 serious argument you have to deal with is the
- 7 meaning -- the plain meaning -- the fairly
- 8 plain meaning of the new statutory language.
- 9 So you say "on sale" means on sale
- 10 publicly or on sale privately, right?
- MR. JAY: Right. On --
- 12 JUSTICE ALITO: All right.
- 13 MR. JAY: -- on sale, period, full
- 14 stop.
- 15 JUSTICE ALITO: Okay. So suppose that
- 16 the statute had been amended to read just the
- 17 way it does, except -- so it would -- with one
- 18 exception. So it says the -- the claimed
- 19 invention was patented, described in a printed
- 20 publication, or in public use, on sale publicly
- or on sale privately, or otherwise available to
- the public.
- That would be nonsense, wouldn't it?
- 24 MR. JAY: I -- I think it would be
- 25 confusing. That -- that's certainly right.

- 1 But I do think that it would specify that one
- 2 of the categories of invalidating prior art
- 3 would be on sale privately.
- 4 And in your hypothetical, I think this
- 5 Court would give effect to the choice that
- 6 Congress made, even though one of the items in
- 7 the list might stick out somewhat and not --
- 8 JUSTICE ALITO: It would be -- it
- 9 would be nonsense because the meaning of
- 10 "otherwise" is in the same -- in some other
- 11 manner, to do the same thing in some other
- 12 manner.
- 13 And you have -- what we have now after
- 14 this change is an enumerated -- is an
- 15 enumeration of a number of things that are
- 16 public, a printed publication in public use,
- 17 two things that are obviously public.
- 18 Then we have on sale. And then it
- 19 says, "or otherwise available to the public."
- 20 And I find it very difficult to get over the
- 21 idea that this means that all of the things
- 22 that went before are public.
- MR. JAY: So two points.
- 24 JUSTICE ALITO: That's what
- 25 "otherwise" means.

1 MR. JAY: So, of course, you know, 2 Your Honor sort of asked me to assume that this 3 is a statute that's being written from scratch, 4 and I think that that takes off the table all 5 of the history of the statute as it was before 6 2011. 7 But, second, even taking -- even taking that off the table and looking at the 8 statute, a statute like the one that you've 9 proposed, the reason that your example was 10 11 different from this statute is that, in your 12 example, there's one category, on sale privately, that doesn't even have any overlap 13 14 with available to the public. 15 And we've never disputed that many 16 sales do, in fact, make inventions available to 17 the public, but we do think that "on sale" has 18 its own meaning, and one important part of that 19 meaning is offers. 20 And we think that structurally, if "on sale" is to include offers, and we think there 21 22 is no way to read that definition to exclude 23 offers, offers are not generally going to make an invention available to the public. 24 25 My friends on the other side in their

- 1 brief suggest that that might happen in a
- 2 newspaper advertisement, but it's extremely
- 3 unusual to see in a newspaper advertisement all
- 4 of the details of a claimed invention
- 5 disclosed.
- 6 So we think that the function of
- 7 "otherwise" in the statute as amended, again,
- 8 even taking off the table all of the history,
- 9 is to acknowledge that there is overlap between
- 10 the previous four categories and the new
- 11 category of invalidating prior art that's being
- 12 added, so as to make sure that the new category
- doesn't swallow or change the meaning of a
- 14 prior one.
- 15 Let me illustrate that with an
- 16 example.
- 17 JUSTICE ALITO: So -- so the new
- 18 category consists of offers?
- 19 MR. JAY: The new -- sorry, the new
- 20 category consists of things that make the --
- 21 that otherwise make the invention available to
- the public.
- JUSTICE ALITO: And what would be
- 24 within that category?
- 25 MR. JAY: An oral presentation at a

- 1 conference without slides, you know, PowerPoint
- 2 slides that get distributed. That's one
- 3 example. Another that's discussed in the High
- 4 Tech Inventors Alliance brief is collaboration
- 5 among many people on an app, an app -- a
- 6 collaboration app which is not on the Internet
- 7 and is not indexed and would not count as a
- 8 printed publication but ought to be the kind of
- 9 disclosure.
- I mean, the government agrees with us,
- and I think by the end of the briefing
- 12 Respondent -- Petitioner has agreed with us
- 13 that this new category's primary function is to
- 14 create new invalidating prior art disclosures
- that weren't invalidating before the AIA.
- 16 And we think that it would be strange
- for Congress, by creating a new invalidating
- 18 category, in other words, narrowing the scope
- 19 of things that could be patentable to
- 20 indirectly, and by the -- the strangest
- 21 implication, narrow a category of prior art and
- 22 widen the scope of things that could be
- 23 patented.
- about this case, I think it's important to

- 1 understand that Petitioner had gotten three
- 2 patents before the AIA, all of which were
- 3 invalidated below. And Petitioner hasn't
- 4 sought cert on that, and, indeed, told this
- 5 Court at page 3 of the reply brief that it
- 6 could assume that that decision was correct
- 7 under the -- under the prior interpretation of
- 8 the AIA -- I'm sorry, of the "on sale" words.
- 9 JUSTICE SOTOMAYOR: Mr. Jay --
- 10 MR. JAY: Yes.
- JUSTICE SOTOMAYOR: -- you were cut
- off before you gave an example. I wasn't quite
- moved by your baseball example. So do you have
- something else in something that's based in law
- where "otherwise" was used in the way you
- 16 suggest?
- 17 And the second part of my question is,
- 18 will we be the only country that has a
- 19 first-to-file system that includes private
- 20 sales?
- 21 MR. JAY: So let me answer the second
- 22 part first --
- JUSTICE SOTOMAYOR: Confidential-wise.
- 24 MR. JAY: -- just because I think -- I
- 25 think -- I think it's a pretty straightforward

- 1 answer. The on-sale bar itself is unique. The
- other -- other countries don't have an on-sale
- 3 bar that includes public sales. They just
- 4 don't have an on-sale bar at all. So --
- 5 JUSTICE SOTOMAYOR: I'm sorry.
- 6 Explain that to me, an on sale -- no -- there
- 7 is no on-sale bar --
- 8 MR. JAY: Right.
- 9 JUSTICE SOTOMAYOR: -- public or
- 10 private?
- 11 MR. JAY: Right. Sales are not a
- 12 category in the other countries' patent systems
- 13 that are just discussed in the briefing. The
- point made is that those countries don't rely
- on secret prior art, but they also don't have
- 16 an on-sale bar at all.
- 17 So, in this country, we have and have
- 18 decided -- and Congress has decided to retain a
- 19 category of invalidating prior art that -- that
- 20 -- that has, as the purpose, measuring whether
- 21 the inventor is commercializing the invention,
- is ready to commercialize the invention, an
- 23 invention that under the second half of the
- 24 test is ready for patenting.
- 25 So -- so that is itself somewhat

- 1 unique. And I think that's the answer to why
- you don't see this in other countries.
- 3 On -- on your -- on the first question
- 4 you asked, Your Honor, what I was getting to
- 5 with -- with Justice Alito about the -- the
- 6 addition of "otherwise available to the
- 7 public, " rather than just "available to the
- 8 public," we think the word "otherwise" serves
- 9 to acknowledge that there is overlap and to
- 10 avoid this strange situation.
- 11 So if the statute had said described
- in a printed publication -- dot, dot, dot -- or
- 13 available to the public, one implication of
- that might be if there weren't a clarifying
- word like "otherwise" to make clear that that
- 16 new category was a residual category intended
- 17 to catch things not already caught, the
- implication might be that, well, gosh, in order
- 19 to give content to the other items in the list,
- we better read them to include things that are
- 21 not available to the public, such as printed
- 22 publications that are not indexed, that are not
- 23 available to the public.
- 24 There is a lengthy -- an extensive
- 25 body of law on that. So, for example, a Ph.D.

- thesis that's on a shelf somewhere but is not
- 2 indexed and not readily findable does not count
- 3 as a printed publication.
- 4 We think that the best reading of this
- 5 new category is that it creates a new set of
- 6 invalidating prior art and it does not unsettle
- 7 any of the prior categories, whether patented,
- 8 described in a printed publication, in public
- 9 use, or on sale.
- 10 And it certainly doesn't -- doesn't
- 11 disturb the basic policy justification for the
- on-sale bar, which deals not with the stock of
- 13 public knowledge, precisely because, as my
- 14 friend, Mr. Shanmugam, and my friend, Mr.
- 15 Stewart, have both -- have both discussed,
- 16 putting an embodiment out in the public or even
- 17 offering to put an embodiment of the invention
- out in the public for money, meaning on sale,
- 19 that may not tell the public anything about how
- 20 the invention works.
- JUSTICE BREYER: Can -- can you answer
- Justice Alito's and Justice Sotomayor's first
- 23 question? That is, I can think of examples,
- but they're a little awkward. I mean, the
- 25 meet, the sports meet will include football,

- basketball, running, swimming, or otherwise --
- or games that otherwise involve a ball, okay?
- 3 Or breakfast, a healthy breakfast
- 4 includes Fiber One bran flakes, fruit, tea, and
- 5 food that otherwise is a -- what do you --
- 6 fiber heavy, you see, but -- but each of those
- 7 is somewhat awkward, each of the ones.
- 8 So it's possible among these excellent
- 9 briefs -- I thought the bar really earned its
- 10 pay on both sides -- but, I mean, the -- the --
- 11 the -- I couldn't come up with a good English
- 12 example there. So I thought maybe -- maybe you
- 13 have.
- MR. JAY: So I actually -- and thank
- 15 you, Your Honor.
- 16 (Laughter.)
- 17 MR. JAY: The -- the example that we
- 18 thought of actually is --
- 19 JUSTICE BREYER: There were an awful
- 20 lot of them.
- 21 MR. JAY: There are -- is very close
- 22 to your -- your football, baseball, swimming
- 23 example. And I think, in particular, that if a
- 24 statute said, you know, don't engage in
- football, baseball, or swimming, full stop, I

- think everyone would understand what football
- 2 and baseball and swimming meant.
- 3 And if the -- if the statute were then
- 4 amended to add "or any other activity that
- 5 involves the use of a ball," that might be a
- 6 bit awkward, but no one would think that it
- 7 changed the meaning of swimming, that it
- 8 required the adoption of a atextual meaning of
- 9 swimming that doesn't appear in any dictionary,
- or that it required anything, other than the
- 11 addition of --
- 12 JUSTICE KAGAN: Well, I'll give you
- 13 another one.
- 14 JUSTICE ALITO: Well, it would be
- 15 nonsense.
- 16 JUSTICE KAGAN: I'll give you another
- one, Mr. Jay. So suppose I say don't buy
- 18 peanut butter cookies, pecan pie -- this is the
- 19 key one, ready -- brownies, or any dessert that
- 20 otherwise contains nuts. Do I -- do I violate
- 21 the injunction if I buy nutless brownies?
- MR. JAY: So I think that the reason
- 23 that that hypothetical -- so I think I would
- 24 say no. Do I -- do you violate the injunction
- 25 if you --

1 JUSTICE KAGAN: In other words, can I 2 buy nutless brownies? MR. JAY: I think so -- I think you 3 4 can. And I think that the reason -- the reason for that is that "brownies" is a -- is a term 5 6 that might or might not, you know, be read to 7 include brownies with nuts or -- or -- or brownies otherwise. 8 9 But I don't think that you have that permissible reading of "on sale" here. And, in 10 addition --11 12 JUSTICE KAGAN: You're saying it's not even like a little bit doubtful what "on sale" 13 14 means? 15 MR. JAY: Certainly not by the time 16 the AIA was -- was enacted, no, I don't think 17 that it was. I don't think that it was 18 doubtful by -- by any dictionary that we found, 19 either when the bar was enacted or when it was recodified in 1952, or when it was reenacted in 20 2011. So, no, I don't think it's a permissible 21 22 reading. And in your --23 JUSTICE KAGAN: Because in Mr. 24 Shanmugam's excellent brief, he --25 (Laughter.)

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1
               JUSTICE KAGAN: -- he certainly seems
 2
      to think that "on sale" means something
      different from what you thought it meant. And
 3
 4
      I guess what my hypothetical is designed to do
 5
      is to say, look, let's take a term that could
 6
     be read one way or the other and then let's
 7
      attach that "otherwise" language to it. And it
 8
      seems pretty clear that the "otherwise"
 9
      language would be doing something.
10
               MR. JAY: So -- well, of course, it is
      doing something on both sides' reading and I
11
12
      think that, you know, that it creates this new
13
      category --
14
               JUSTICE KAGAN: Yeah, yeah, yeah.
15
               MR. JAY: -- but -- right.
16
               JUSTICE KAGAN: You know what I mean.
17
               MR. JAY: I do. And -- but in that --
18
      in both of his excellent briefs you won't find
19
      any dictionary definition anywhere of "on
      sale," no -- no engagement with the meaning of
20
      "on sale." There's just -- just a
21
22
      cross-reference to the government's brief.
23
               And the government cites a dictionary
      that says that "on sale" means available for
24
25
      purchase by customers. And a customer is just
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- 1 someone who buys something. I -- it certainly
- 2 doesn't mean available in an open, you know,
- 3 non-hidden way, and it doesn't mean available
- 4 to the entire world.
- 5 One sale to one willing purchaser has
- 6 always been an invalidating sale. And I think
- 7 that the reason for that -- one reason for
- 8 that, this Court brought out in Pfaff is that
- 9 it gives the inventor him- or herself a degree
- 10 of predictability. The inventor controls
- 11 when -- when she wants to place her invention
- 12 on sale.
- 13 If, instead -- if it were something
- more ambiguous that involved when the invention
- is not just sold by the inventor to a
- 16 wholesaler or sold by the wholesaler to a
- 17 retailer, but instead when it was placed on
- sale by the retailer at the end of the process.
- 19 JUSTICE KAVANAUGH: But given your
- 20 position. I'm -- Im sorry. Given your
- 21 position, you have the wrong answer to the
- 22 brownies hypothetical, I think.
- MR. JAY: Oh, so if you -- if you --
- 24 my answer to the brownies hypothetical is -- is
- 25 based on the idea --

```
1
               JUSTICE KAVANAUGH: As a term, it
 2
      covers with nuts or without nuts. Right?
               MR. JAY: So I -- I guess it -- right.
 3
 4
      It depends --
 5
               JUSTICE KAVANAUGH: Maybe we lost the
 6
      hypothetical.
 7
               MR. JAY: Yeah, right. I guess maybe
 8
      I'm -- maybe I'm misunderstanding the
 9
      hypothetical or at least maybe we're having a
10
      disagreement about what -- what it means to be
      -- to be a brownie.
11
12
               (Laughter.)
               JUSTICE BREYER: Well, it's a good --
13
14
               JUSTICE KAVANAUGH: You were saying
15
      it's ambiguous --
16
               (Laughter.)
17
               JUSTICE KAVANAUGH: You were saying
      it's ambiguous. I'm saying that is not
18
19
      ambiguous, right? And you were saying "on
20
      sale" is not ambiguous.
               MR. JAY: I -- so I am saying that "on
21
      sale" is ambiguous. And I guess if you --
22
23
               JUSTICE KAVANAUGH: Not --
24
               MR. JAY: -- if you open the
25
      dictionary and --
```

1 JUSTICE KAVANAUGH: You're saying it's 2 not ambiguous, "on sale"? MR. JAY: I'm saying that "on sale" is 3 4 not ambiguous. It certainly was not ambiguous 5 when -- when chosen for continued inclusion in 6 the AIA. 7 JUSTICE KAVANAUGH: Even though it says "otherwise available to the public," it's 8 still not ambiguous? 9 10 MR. JAY: Even though it says "otherwise available to the public," it's still 11 12 not ambiguous, that's right, because it -- it 13 would take more than that. And I agree -- I agree with Mr. Stewart when -- when he answered 14 15 this question. 16 It would take more than that to 17 unsettle the meaning of a term with such a 18 lengthy history and would be a very indirect 19 way, as I think Your Honor brought out in your question in the top half of the argument, to 20 21 accomplish that. 22 So whatever the definition -dictionary definition, of "brownie" may be, and 23 I guess -- I confess I'm not up on that, I -- I 24 think that the -- the meaning of "on sale" is 25

- 1 sufficiently unambiguous.
- 2 And it certainly -- it certainly is
- 3 not the case that "otherwise" is some
- 4 talismanic word that is used in statutes, you
- 5 know, to unsettle the meaning of -- of words
- 6 that come before it. I think the best examples
- 7 that we can give are "the party or other
- 8 activity that damages the house" in Barnhart.
- 9 "Party" -- "party," of course, is not even a
- 10 term of art.
- 11 JUSTICE KAVANAUGH: You cite the
- 12 Paroline case as an example of a case where a
- 13 term -- a statute was structured like this, and
- 14 the term in the catch-all then was used to
- influence the interpretation of the preceding
- 16 terms.
- 17 MR. JAY: It was --
- 18 JUSTICE KAVANAUGH: Why is that
- 19 different?
- 20 MR. JAY: It was used as -- the Court
- 21 said, it was used -- it summarized what the --
- you know, what the preceding terms did. It
- certainly wasn't used to change or unsettle a
- 24 preexisting meaning. I think it's different
- for a couple of reasons.

1	One, the Court said in Paroline:
2	Number 1, that it might well have reached the
3	same conclusion even in if that language didn't
4	appear in the statute because of the strong
5	statute presumption that remedial statutes
6	contain a proximate cause element. And, you
7	know, that, I is on page 446 of the opinion.
8	And then on the next page, you'll see
9	that the the Court has a paragraph dealing
10	with the with the other language, and it
11	does two things: One, it treats it as a series
12	modifier because it is equally applicable to
13	each of the five categories that's come before.
14	That was kind of like the argument
15	that the other side was making in the court of
16	appeals, that "otherwise available to the
17	<pre>public" is a is a series modifier that</pre>
18	actually modifies, as a matter of English
19	grammar, the terms that come before it in the
20	list. And they've abandoned that argument, and
21	that's why we're not talking anymore about the
22	rule of the last antecedent.
23	And then the third thing was was
24	the point about summarizing the categories that
25	come before. In this case, we just don't think

- that "available to the public" is a fair
- 2 summary of "on sale" either as a matter of
- 3 ordinary English or as a matter of the
- 4 specialized meaning that this Court has given
- 5 it.
- 6 And I think that Mr. Shanmugam, you
- 7 know, suggested that, you know -- you know,
- 8 Judge Hand kind of created this, the policy
- 9 behind the on-sale bar, as being something
- 10 about commercializing. But I think the history
- 11 goes much further back that than that, and I
- would urge the Court to look at a number of the
- 13 late 19th-century cases, such as Consolidated
- 14 Fruit-Jar, in which the Court said that the
- inventor is not allowed to derive any benefit
- 16 from the sale or the use of his machine unless
- 17 he begins -- unless he applies for patenting
- 18 within the then grace period.
- 19 JUSTICE GORSUCH: Mr. Jay, say we
- 20 disagree with you, just for the purposes of
- 21 this hypothetical, and think that the
- 22 introduction of the "otherwise" clause
- introduced some ambiguity about what "on sale"
- 24 means now.
- 25 I understand the Patent Office has an

- 1 interpretation of this statute. What should we
- 2 do with that, if anything, or should we ignore
- 3 it?
- 4 MR. JAY: I -- I think that it -- it
- 5 would only be relevant if it had the power to
- 6 persuade. This Court has never given deference
- 7 to the Patent Office on substantive questions
- 8 of patentability, on what it takes to overcome
- 9 the bars put in the statute by Congress where
- 10 Congress has said you may not have a patent if
- 11 X, Y, or Z.
- Now, this Court has any number of
- decisions in which it has held that a patent
- issued by the Patent Office in conformance with
- 15 the -- the office's then examination guidelines
- 16 were invalid.
- 17 So we think it's entitled to
- 18 respectful consideration, just as the
- 19 government's amicus brief in this case is
- 20 entitled to respectful consideration, but we
- 21 respectfully disagree with it. We don't think
- 22 that -- particularly because it doesn't deal
- 23 with the meaning of "on sale" and in its
- 24 attempt to reconcile that with the new
- 25 language, it -- its suggestion of this new test

- 1 about availability to the public, meaning the
- 2 ultimate consumer, that's not based in
- 3 anything, text or definition or history or case
- 4 law of any kind.
- 5 But -- so we think that a virtue of
- 6 our position is that you don't need to get into
- 7 the question of what it means to be available
- 8 to the public when you're considering a sale.
- 9 You know, a sale or an offer for sale is a
- 10 concept that has been baked into this statute
- 11 for a long time.
- 12 Mr. Stewart urged the Court to look at
- a number of aspects of this transaction, and
- 14 Mr. Shanmugam, in sort of the -- the end of his
- 15 four-part litany of why this -- why this
- invention was not available to the public,
- mentioned that this was a development
- 18 agreement.
- 19 Now, I would urge the Court to look at
- 20 part 1 of the Federal Circuit's opinion, which
- 21 deals with the question of whether this was a
- 22 sale at all. That's a pretty specific inquiry
- 23 into whether the preconditions for this sale
- 24 prevent it from being a sale, as that term is
- used and has been used for many, many years.

The other side, of course, didn't seek 1 2 certiorari on that question. We don't think 3 it's properly before the Court. What they did 4 seek certiorari on is -- and if you look 5 specifically at the question presented, it doesn't use "available to the public"; it 6 7 refers specifically to secrecy, to -- to the 8 existence of a confidentiality agreement, you 9 know, a third party that is obligated to keep 10 the invention confidential. That's the only manifestation of not 11 12 available to the public that they put in the question presented. And I think you've heard 13 14 that, you know, the government is not defending 15 that view, and we think that that adopting that 16 view under which stickering a -- an offer or a 17 product with a confidentiality agreement, and 18 thereby taking it off the table for purposes of the on-sale bar, would be an incredibly 19 problematic view for -- for a variety of 20 21 reasons. 22 One, it would be easy to do. Two, it 23 -- it would seriously undermine the purpose of the -- the on-sale bar because it would allow 24 25 not just isolated commercialization, but really

- 1 rampant commercialization. 2 And then the third -- a third point 3 about what it means to be available to the 4 public, about whether this -- this distributor 5 should count, and this goes back to a question 6 that Justice Sotomayor asked about, you know, 7 if you asked a consumer, you know, what -- what 8 would it mean to be -- to be on sale. I think 9 if you ask a pharmaceutical company what does 10 it mean for your product to be on sale, what 11 that pharmaceutical company would say is we're 12 selling it to a distributor, because as we've cited and as we explained in our brief, 13 14 90 percent of the pharmaceuticals in this 15 country are sold not -- not directly from the 16 manufacturer to a consumer, but to a wholesaler 17 or a -- or a distributor. That's how they are 18 sold. 19 And so the implications of adopting 20 this ultimate consumer test would be to give the pharmaceutical industry, in particular, and 21 22 any other industry that operates primarily 23 through wholesalers and distributors a real
- 25 And that -- getting back to the basic

free pass from the on-sale bar.

- purpose of the bar, that would undermine the 1 2 statutory term, right? The -- as the Court 3 said in Pfaff, confining the duration of the 4 monopoly to the statutory term is one of the 5 two key principles of the -- underlying the 6 on-sale bar. 7 We think that because Helsinn placed its invention on sale and it was willing -- and 8 part 3 of the Federal Circuit's opinion --9 10 opinion explains why it was ready for 11 patenting, so it had one year in which to apply 12 for a patent. It chose not to do that. 13 And then, many years later, after the 14 AIA was passed, it went back to the Patent 15 Office and it tried to get -- and it got a 16 patent that would be subject to the AIA that
- 18 indistinguishable from -- for -- for relevant

was, as the Federal Circuit explained,

- 19 purposes, materially indistinguishable, from
- 20 the pre-AIA patents it had -- it had obtained.
- 21 And it said that the sale that had
- 22 invalidated -- that was going to invalidate its
- 23 prior pre-AIA patents doesn't invalidate this
- 24 post-AIA patent. So I think it's difficult for
- 25 Helsinn to say that it's not withdrawing

- anything from the stock of knowledge by getting
- 2 a patent.
- JUSTICE KAGAN: Mr. Jay, would the
- 4 prior secret sale of an invention by somebody
- 5 other than the patentholder invalidate the
- 6 patentholder's patent?
- 7 MR. JAY: I think the answer is yes,
- 8 but I -- I've not seen cases like that because
- 9 I think it would be exceptionally difficult to
- 10 discover. Whereas the way the sale in this
- 11 case came to light and the way in which sales
- in patent cases generally come to light is
- 13 through discovery from the inventor.
- 14 You know, as the Court said in Pfaff,
- you want the inventor to have control about the
- timing and the choice to commercialize the
- 17 invention.
- And so a rule that gives the inventor
- 19 control over that necessarily has to leave out
- the possibility that someone else might also
- 21 have the invention and start selling it, but
- that's not been an implementation problem in
- 23 reality.
- 24 If the Court has no further questions,
- 25 I'm prepared to yield back the balance of my

- 1 time. 2 CHIEF JUSTICE ROBERTS: Thank you, 3 counsel. 4 Mr. Shanmugam, you have four minutes 5 remaining. 6 REBUTTAL ARGUMENT OF KANNON K. 7 SHANMUGAM ON BEHALF OF THE PETITIONER 8 MR. SHANMUGAM: Thank you, Mr. Chief Justice. 9 10 Our fundamental submission today is a simple one. It is that the phrase "on sale" 11 12 should not be read in a vacuum but, rather, in the context of the surrounding language. 13 14 And the fundamental problem and the 15 dispositive problem, I would respectfully 16 submit, with Mr. Jay's submission, is that it 17 really would read the word "otherwise" out of 18 the statute. 19 I think that the hypotheticals that 20 were proffered to Mr. Jay make that clear.
- I think that the hypotheticals that
 were proffered to Mr. Jay make that clear. But
 let me, at the risk of introducing another one,
 point to this Court's decision in one of my
 favorite statutory interpretation cases, United
 States versus Standard Brewery. That is the
 case that involved the Wartime Prohibition Act

which prohibited the use of grains to 1 2 manufacture, and the language of the statute, "beer, wine and other intoxicating malt or 3 4 Venice liquor for beverage purposes." 5 And believe it or not, there was 6 actually a case in which a party was making 7 non-intoxicating beer, and the question was 8 whether the statute applied to that. And the 9 Court said no, applying the very principles 10 that we are articulating here. And The Court's rationale was that the 11 12 qualifying words "other intoxicating" in this act cannot be rejected. In the words of 13 14 Justice Day, if the intention was to include 15 beer or wine, whether intoxicating or not, the 16 use of this phraseology was quite superfluous. 17 And I would respectfully submit that 18 Mr. Jay really has no alternative way of reading the very familiar term "otherwise." 19 Mr. Jay today, as in his excellent brief, 20 suggests that otherwise could be read to cover 21 22 situations in which there is some overlap. 23 We know that the public use bar and the on sale bar have considerable overlap in 24

many cases. But it would, of course, have been

- 1 nonsensical for Congress to have said "in
- 2 public use or otherwise on sale." That doesn't
- 3 make sense as a matter of basic English.
- 4 And Respondents can point to none of
- 5 this Court's many cases involving catch-all
- 6 provisions that support that approach to the
- 7 statutory language.
- JUSTICE BREYER: You have a whole
- 9 brief, I mean, you know, you have a brief, I
- 10 mean, everybody's is excellent. Okay?
- 11 But the point is that -- that there is
- 12 a brief which gives the instance of an inventor
- 13 who talks daily through the internet, or
- otherwise, to 60,000 people and he tells those
- 15 60,000 people about his invention.
- And that, they say, and similar or
- other circumstances, are what this last phrase
- 18 is meant to cover.
- 19 MR. SHANMUGAM: Just as --
- JUSTICE BREYER: Now, that gives a
- 21 meaning to it.
- MR. SHANMUGAM: Yes. Just as in
- 23 Standard Brewery, right? That catch-all
- 24 provision was presumably included for a reason,
- 25 to include other malt or Venice beverages.

1 That's always true --2 JUSTICE BREYER: Sometimes. Sometimes 3 yes, sometimes no. 4 MR. SHANMUGAM: -- with a catch-all 5 provision. That would have been true of the catch-all provision in Seatrain Lines, the 6 7 catch-all provision in Paroline. And yet these cases consistently make clear that these sorts 8 9 of catch-all provisions identify a key 10 characteristic that the preceding provisions 11 should be understood to share. 12 And we know from the legislative 13 history that that was the better view of Congress's intent here. 14 15 And while Respondents have this very 16 convoluted explanation of the evolution of the 17 statutory language, the one thing they can't 18 point to is any legislative history that 19 construes the final version of the AIA in the 20 way that they suggest. 21 Now, I want to say just a word about 22 this contrary argument about on sale which 23 really relies on interpreting on sale in vacuo. I made the point in my opening 24

argument that there are no cases of this Court

- 1 that would come out differently under our
- 2 interpretation. I did not hear Respondents to
- 3 suggest differently.
- 4 And, Justice Kagan, to the extent that
- 5 you asked a question along these lines about,
- 6 well, can we put together Pfaff and these
- 7 Federal Circuit cases and get enough to get to
- 8 some notion of ratification, our interpretation
- 9 retains Pfaff. It retains both the holding of
- 10 Pfaff, because I think that that was a case
- 11 where there was availability to the public.
- 12 It was a somewhat unusual product
- because it was a custom-made product. And so I
- 14 think Texas Instruments really was the sum
- 15 total of the relevant public, but I think the
- 16 outcome would be the same.
- 17 And our whole point about why Congress
- 18 used this final formulation, to respond to
- 19 Justice Kavanaugh's questions on this point,
- 20 was to retain the existing jurisprudence
- 21 surrounding the bars.
- 22 And, in particular, with regard to
- 23 Pfaff, Pfaff, as the Court will be aware,
- 24 articulated the ready for patenting
- 25 requirement. That is a requirement in our view

1	chat very much would continue to have force.
2	The experimental use exception to which Mr.
3	Stewart referred would also continue to have
4	force.
5	And that explains, I think, even the
6	legislative history, the little bit of
7	legislative history to which Respondents point,
8	and in particular Representative Lofgren's
9	statement, because by retaining those phrases,
10	while adding the catch-all provision, Congress
11	made clear that that jurisprudence should be
12	retained.
13	The judgment of the Federal Circuit
14	should be reversed. Thank you.
15	CHIEF JUSTICE ROBERTS: Thank you,
16	counsel.
17	The case is submitted. I am sure
18	we'll come up with an excellent opinion.
19	(Laughter.)
20	(Whereupon, at 11:59 a.m., the case
21	was submitted.)
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