

Celanese v. ITC: Patent On-Sale Bar Remains Unchanged For Post-AIA Process Patents

On August 12, 2024, the Federal Circuit issued its decision in *Celanese International Corp. v. International Trade Commission* interpreting the scope of the post-Leahy-Smith America Invents Act (“AIA”) on-sale bar.ⁱ Specifically, the court held that the on-sale bar continues to bar patenting of an otherwise secret process when the patentee made sales of a product manufactured with that process more than one year before the effective filing date of its patent.ⁱⁱ This decision confirms not only that the post-AIA on-sale bar remains unchanged from the pre-AIA bar, but also that pre-AIA precedential cases such as *D.L. Auld* and *Metallizing* continue to apply to the on-sale bar.ⁱⁱⁱ

As discussed later, *Celanese* has important implications for companies weighing different forms of intellectual property protection for their secret processes used in products sold both domestically and internationally.

I. Background

The present appeal arose from a petition filed by Celanese pursuant to 19 U.S.C. § 1337 (“Section 337”) requesting that the International Trade Commission (“ITC”) investigate artificial sweeteners imported and sold by a Chinese chemical manufacturer, Anhui Jinhe.^{iv} In its petition, Celanese alleged that its post-AIA patents reciting processes for manufacturing artificial sweeteners were infringed by Jinhe’s manufacture of sweeteners.^v Celanese acknowledged that it had used its own patented process in secret to manufacture and sell its Ace-K sweetener more than one year before the earliest effective filing date of its asserted patents.^{vi} As such, Celanese conceded that its asserted patents would have been invalid under the on-sale bar based on settled pre-AIA precedent.^{vii} Celanese argued, however, that the AIA changed the scope of the on-sale bar under 35 U.S.C. § 102(a)(1) and that its previous sales of Ace-K would not invalidate its post-AIA filed patents.^{viii}

The ITC administrative law judge (“ALJ”) determined that there was no Section 337 violation and rejected Celanese’s arguments that the AIA changed the meaning of the on-sale bar under § 102.^{ix} In coming to that determination, the ALJ relied heavily on the Supreme Court’s decision in *Helsinn* that held that Congress did not alter the on-sale bar when it enacted the AIA and that secret sales of a *product* could invalidate a later filed patent on that product.^x

II. Federal Circuit Appeal and Decision

On appeal, Celanese argued that the AIA changed the on-sale bar’s scope with regard to secret processes for three reasons:

1. The change in language between pre-AIA and post-AIA § 102;^{xi}
2. Specific language discussing patented processes with respect to infringement defenses in 35 U.S.C. §§ 271 and 273; and
3. Legislative history surrounding the AIA.

To be clear, Celanese’s appeal was very narrow. *Helsinn* already held that the on-sale bar applied in a post-AIA context to products sold prior to filing a patent claiming the product’s features. Here, Celanese

argued that the AIA changed the pre-AIA on-sale bar such that previous sales of a product made using a secret process would not trigger the on-sale bar for that process if later patented.

The Federal Circuit unanimously affirmed the ITC's judgment and rejected all of Celanese's arguments. In doing so, the Federal Circuit relied heavily on *Helsinn* and previous on-sale bar precedent. In disposing of Celanese's first argument, the court determined that the change in language was "no more than a clerical refinement of terminology for the same meaning in substance."^{xii} Similarly, the court rejected Celanese's textual arguments surrounding patented process infringement defenses in §§ 271 and 273, reasoning that invalidity was entirely distinct from infringement because both were governed by different frameworks and rationales, and importing limitations from infringement defenses into a validity statute would be improper.^{xiii} Lastly, the court quickly disposed of Celanese's legislative history argument and heeded the Supreme Court's repeated cautioning against isolating legislators' views from the context of the legislative process and text of the ultimate statute.^{xiv}

III. Key Takeaways

In light of *Celanese*, companies that have secret processes should weigh the benefits and drawbacks of patent protection and other forms of intellectual property protection, such as trade secret protection. In making a decision regarding which form of protection to pursue, companies should consider at least some of the following factors:

1. Whether previous sales of a product have been made at least one year prior to potentially seeking protection for an underlying secret process used to manufacture the product.
2. Whether the secret process is susceptible to being independently discovered.
3. Confidentiality protections surrounding product sales involving secret processes.
4. The exclusivity protection offered through patent protection.
5. The different damage frameworks afforded by patent protection compared to trade secret and other forms of intellectual property protection.

Lastly, it is worth noting that many other countries, such as those following European patent law, do not follow the American approach that prior sales of a product manufactured using a secret process invalidate a later filed patent on that process. As such, companies should consider their global market when determining which forms of intellectual property protection to pursue both domestically and internationally.

If you have any questions about the issues addressed in this memorandum, or if you would like a copy of any of the materials mentioned in it, please do not hesitate to reach out to:

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ⁱ *Celanese Int'l Corp. v. Int'l Trade Comm'n*, No. 2022-1827, 2024 WL 3747277 (Fed. Cir. Aug. 12, 2024).

ii *Id.* at *2-3.

iii *Id.*

iv *Id.* at *1.

v *Id.*

vi *Id.*

vii *Id.*

viii *Id.*

ix *Id.* at *2.

x *Id.* (citing *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 586 U.S. 123 (2019)).

xi *Id.* at *4 n.3 (Compare 35 U.S.C. § 102 (2006) (“A person shall be entitled to a patent unless . . . (b) the invention was . . . on sale”), with AIA § 102(a) (“A person shall be entitled to a patent unless— (1) the *claimed* invention was . . . on sale”).

xii *Id.* at *4.

xiii *Id.* at *5-6.

xiv *Id.* at 7.