

# THE “COMMERCIAL OFFER FOR SALE” STANDARD AFTER MINNESOTA MINING V. CHEMQUE

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*The Supreme Court established a two-part test for determining when an invention is “on sale” under 35 U.S.C. §102(b) in Pfaff v. Wells Electronics, Inc. For the on-sale bar to be triggered, the invention must be “ready for patenting” and subject of a “commercial offer for sale.” In Minnesota Mining & Manufacturing v. Chemque, Inc., the Federal Circuit expounded on what constitutes a commercial offer for sale. This iBrief explores what is considered a “commercial offer for sale.”*

## INTRODUCTION

¶1 In the United States, the Patent Act<sup>2</sup> grants inventors monopolies to make and use their inventions for a period of twenty years.<sup>3</sup> The twenty-year period is a compromise between providing inventors with incentives to create and maximizing the public’s benefit from the invention.<sup>4</sup> The Supreme Court has noted:

[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time. The balance between the interest in motivating innovation and enlightenment by rewarding invention with patent protection on the one hand, and the interest in avoiding monopolies that unnecessarily stifle competition on the other, has been a feature of the federal patent laws since their inception.<sup>5</sup>

¶2 A common defense asserted by defendants when charged with patent infringement is patent invalidity through the on-sale bar, which is defined in §102(b) of the Patent Act.<sup>6</sup> The on-sale bar invalidates a patent if 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.”<sup>7</sup> Prior to 1998, courts had used a “totality of the circumstances” analysis to determine whether an invention was on sale for purposes of the on-sale bar. In 1998, the “totality of the circumstances” analysis was overruled by the Supreme Court in *Pfaff v. Wells*

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<sup>2</sup> 35 U.S.C. §§ 1-376 (2000).

<sup>3</sup> *Id.* § 154(a)(2). This twenty-year term may be shortened if the patent is a continuation of another patent. *Id.*

<sup>4</sup> *Pfaff v. Wells Elec., Inc.*, 525 U.S. 55, 63 (1998).

<sup>5</sup> *Id.*

<sup>6</sup> 35 U.S.C. § 102(b).

<sup>7</sup> *Id.*

*Electronics, Inc.*<sup>8</sup> The holding in this case replaced the “totality of the circumstances” analysis with the current two-pronged test to determine the applicability of the on-sale bar.<sup>9</sup> More recently, the on-sale bar was discussed by the Federal Circuit in *Minnesota Mining & Manufacturing Co. v. Chemque, Inc.*<sup>10</sup>

## FACTS

¶3 *Minnesota Mining & Manufacturing Co. v. Chemque, Inc.*<sup>11</sup> involved issues relating to U.S. Patent No. 5,169,716 (“the ‘716 patent”). Minnesota Mining & Manufacturing Co. (“3M”) is the assignee of the ‘716 patent, which teaches an encapsulant composition.<sup>12</sup> The encapsulant may be used for protecting signal transmission devices such as electrical or optical cables.<sup>13</sup> This product may also protect signal transmission devices which are not cables, such as electrical or electronic components.<sup>14</sup>

¶4 The encapsulant taught by the ‘716 patent is a mixture of an anhydride functionalized compound and a cross-linking agent.<sup>15</sup> When mixed, the cross-linking agent reacts with anhydride reactive sites on the anhydride functionalized compound to form a cross-linked polymer gel-like structure.<sup>16</sup> The reaction product is extended with at least one organic plasticizer.<sup>17</sup> The final composition may then be used to encompass a signal transmission device, protecting the device from contaminants.<sup>18</sup>

¶5 3M brought suit against Chemque, Inc. (“Chemque”) and Thomas and Betts Corp. (“T&B”) (collectively “the defendants”) for infringement of the ‘716 patent.<sup>19</sup> The defendants asserted a defense of patent invalidity due to the on-sale bar.<sup>20</sup> From the record, it appears that a two part-composition cable resealant known as Ricoseal was made available in the U.S. before the critical date of the ‘716 patent.<sup>21</sup>

## LEGAL BACKGROUND

¶6 The on-sale bar is embodied in 35 U.S.C. § 102(b). The pertinent part of § 102 reads:

A person shall be entitled to a patent unless - . . . (b) the invention was patented or described in a printed publication in this or a foreign country

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<sup>8</sup> *Pfaff*, 525 U.S. at 55.

<sup>9</sup> *Id.*

<sup>10</sup> 303 F.3d 1294, 1298 (Fed. Cir. 2002).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> U.S. Patent No. 5,169,716 (issued Dec. 8, 1992).

<sup>15</sup> *Minnesota Mining & Mfg. Co.*, 303 F.3d at 1298.

<sup>16</sup> *Id.*

<sup>17</sup> U.S. Patent No. 5,169,716.

<sup>18</sup> *Minnesota Mining & Mfg. Co.*, 303 F.3d at 1298.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 1305.

or in public use or *on sale in this country, more than one year prior to the date of the application for patent* in the United States . . . .<sup>22</sup>

¶7 The date marking the beginning of this one-year period is known as the “critical date.”<sup>23</sup> Any sale of the patented invention prior to the critical date (i.e. more than one year before filing the patent application) invalidates the patent.

### **The Current Legal Standard**

¶8 Prior to 1998, courts utilized a “totality of the circumstances” analysis in applying the on-sale bar. The “totality of the circumstances” analysis was explained by the Federal Circuit in *UMC Electronics v. United States*.<sup>24</sup> *UMC Electronics* instructed that all circumstances surrounding the sale should be weighed when considering the applicability of the on-sale bar statute.<sup>25</sup> Circumstances to be considered included the stage of development of the invention, reduction to practice of the invention, and the factors surrounding the sale or offer for sale. Under the “totality of the circumstances” analysis, “no single finding or conclusion of law [was] a sine qua non” to a decision that on-sale bar was triggered.<sup>26</sup>

¶9 Subsequently, courts held that the on-sale bar could be triggered only if the invention was “substantially complete.”<sup>27</sup> Thus, the “substantially complete” standard was to be used with the “totality of the circumstances” analysis. Unfortunately, the “substantially complete” determination is difficult to make, and it provided very little predictability to patentees.<sup>28</sup> It was difficult for inventors to predict when a concept’s development had arrived at the point the courts would later deem to be “substantially complete.”<sup>29</sup>

### **Pfaff v. Wells Electronics, Inc.**<sup>30</sup>

¶10 In 1998, the Supreme Court abandoned the “totality of the circumstances” analysis for the on-sale bar in *Pfaff v. Wells Electronics, Inc.*<sup>31</sup> The Court reasoned that “[a] rule that makes the timeliness of an application depend on the date when an invention is ‘substantially complete’ seriously undermines . . . interest in certainty.”<sup>32</sup> In *Pfaff*, the Supreme Court replaced the “totality of the circumstances” analysis

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<sup>22</sup> 35 U.S.C. § 102 (emphasis added).

<sup>23</sup> See *Preemption Devices, Inc. v. Minnesota Mining & Mfg. Co.*, 732 F.2d 903, 905-06 (Fed. Cir. 1984), *aff’d and vacated in part* 803 F.2d 1170 (Fed. Cir. 1986) (defining the term “critical date”).

<sup>24</sup> 816 F.2d 647 (Fed. Cir. 1987).

<sup>25</sup> See, e.g., *Micro Chem. Inc. v. Great Plains Chem. Co.*, 103 F.3d 1538, 1545 (Fed. Cir. 1997) (adhering to a totality of the circumstances analysis).

<sup>26</sup> *Envirotech Corp. v. Westech Eng’g Inc.*, 904 F.2d 1571, 1574 (Fed.Cir.1990).

<sup>27</sup> See, e.g., *Micro Chem. Inc.*, 103 F.3d, at 1545 (using the “substantially complete” standard).

<sup>28</sup> Jonathan N. Zerger, *A Guide Toward Eliminating Uncertainties in the On-Sale Bar to Patentability Created by Pfaff v. Wells Electronics, Inc.*, 51 U. KAN. L. REV. 557, 565 (May 2003).

<sup>29</sup> *Id.*

<sup>30</sup> 525 U.S. 55 (1998).

<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 65-66, n.11.

with a two prong test: “the on-sale bar applies when two conditions are satisfied before the critical date. First, the product must be the subject of a commercial offer for sale . . . . Second, the invention must be ready for patenting.”<sup>33</sup>

¶11 *Pfaff* also clarified that an invention will be ready for patenting by proof of reduction to practice before the critical date or alternatively by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.<sup>34</sup>

### What Constitutes A “Commercial Offer for Sale”?

¶12 The first case after *Pfaff* to discuss what constitutes a commercial offer for sale was *Group One, Ltd. v. Hallmark Cards, Inc.*<sup>35</sup> In *Group One*, the Federal Circuit explained that:

As a general proposition, we will look to the Uniform Commercial Code (“UCC”) to define whether, as in this case, a communication or series of communications rises to the level of a commercial offer for sale. As this court has previously pointed out, “[t]he UCC has been recognized as the general law governing the sale of goods and is another useful, though not authoritative, source in determining the ordinary commercial meaning of” terms used by the parties. . . . The Supreme Court’s formulation of a “commercial offer for sale” in *Pfaff* also supports consulting the UCC. The Supreme Court has also cited the Restatement of Contracts with approval in the commercial contract law context.<sup>36</sup>

¶13 Therefore, a commercial offer for sale must mean an offer that “rise[s] to the level of a formal ‘offer’ under contract law principles.”<sup>37</sup> In *Lacks Industries, Inc. v. McKechnie Vehicle Components USA, Inc.*,<sup>38</sup> the Federal Circuit reiterated that the UCC should determine whether a communication is sufficiently definite as to constitute an offer for sale.

¶14 Unfortunately, there are three problems inherent upon reliance on the UCC in order to determine whether an offer is sufficiently formed. The court in *Linear Tech* points out these problems.<sup>39</sup> First, the Federal Circuit has noted that the UCC never formally defines “offer,” thus obliging the court to rely on common law contract principles.<sup>40</sup> Courts must therefore rely on common law as supported by the Restatement; this is just the situation the *Group One* court was trying to avoid.<sup>41</sup>

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<sup>33</sup> *Id.* at 67.

<sup>34</sup> *Id.* at 67-68.

<sup>35</sup> 254 F.3d 1041 (Fed. Cir. 2001).

<sup>36</sup> *Id.* at 1047 (citations omitted).

<sup>37</sup> *Id.* at 1046-47 (quoting *RCA Corp. v. Data General Corp.*, 887 F.2d 1056, 1062 (Fed. Cir.1989)).

<sup>38</sup> 322 F.3d 1335 (Fed. Cir. 2003).

<sup>39</sup> *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040 (Fed. Cir. 2001).

<sup>40</sup> *Id.* at 1050.

<sup>41</sup> *Zerger*, *supra* note 28, at 573.

¶15 Second, the UCC is a model code, and has been enacted in the several states with significant modifications; in some states, it has not been enacted at all. The *Linear Tech* court concluded that “the body of case law from which we must draw guidance under *Group One* is that of the state and federal courts interpreting their individual versions of the UCC. From this . . . we will search for the common denominator . . . in crafting the federal common law of contract that now governs the on-sale bar.”<sup>42</sup> Thus there is inherent inconsistency among the states in the adoption of and reliance on the UCC model code, rendering any standard based on the code extremely unreliable.

¶16 Finally, the UCC allows for contract formation even if no one can pinpoint the time of contract formation.<sup>43</sup> However, the exact date of contract formation may be important in an on-sale bar analysis. The Federal Circuit has noted that “[w]e recognize that under the UCC, a valid contract can be found even if the court cannot pinpoint the exact time of its formation, UCC § 2-204(2), but this rule—however laudable in the commercial setting—cannot relieve the court in an on-sale bar setting from ascertaining if a sale, or an offer for sale, has been made before the critical date.”<sup>44</sup> Confirming the existence of a sales contract does not clarify whether the commercial offer for sale was made before or after the critical date, the question that is of primary importance in an on-sale bar analysis.

¶17 The *Linear Tech* court also held that promotional activity not rising to the level of a contractual offer for sale cannot trigger the on-sale bar after *Group One*. The *Linear Tech* court explained:

The UCC does not define “offer,” so we will look to common law to guide our inquiry. “An offer is the manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it.” Restatement (Second) of Contracts § 24 (1981); accord Richard A. Lord, *Williston on Contracts* § 4:13, at 367 (4th ed. 1990) (explaining that “in order for an offer to exist, it must constitute a manifestation communicated to the offeree so as to justify his understanding that by assenting a bargain will be concluded”).<sup>45</sup>

¶18 The Federal Circuit’s suggestion in *Group One* to consider the substantial body of general contract law in order to determine whether an offer has been made was followed by the district court in *MLMC, Ltd. v. Airtouch Communications, Inc.*<sup>46</sup> *MLMC* involved “budgetary quotations . . . made primarily to help potential customers with the FCC filing process, not to negotiate a sales contract.”<sup>47</sup>

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<sup>42</sup> *Linear Tech.*, 275 F.3d at 1048.

<sup>43</sup> See U.C.C. § 2-204(2) (2002) (indicating that a contract can be formed even if the time of contract formation is unknown).

<sup>44</sup> See *Linear Tech.*, 275 F.3d at 1052.

<sup>45</sup> *Id.* at 1050.

<sup>46</sup> 215 F. Supp. 2d 464 (D. Del. 2002).

<sup>47</sup> *Id.* at 480.

The court found that the quotations offered did not represent commercial offers for sale.<sup>48</sup> The court in *MLMC* cited a variety of contract treatises in finding that quotes usually will not constitute offers.

¶19 However, the court noted that “if the quotation comes in reply to a specific request for an offer, contains language of commitment, or comes after prolonged negotiations, and the quotation contains detailed terms, it may be deemed an offer.”<sup>49</sup> The court also noted that “the ultimate test of an offer is whether a recipient could reasonably believe it was intended as a binding offer.”<sup>50</sup>

¶20 It would appear that even extensive advertising would not qualify as a commercial offer for sale. “[I]n *Linear Technology Corp. v. Micrel, Inc.*, this court explained that promotional activity not rising to the level of a contractual offer for sale cannot trigger the on-sale bar after *Group One*.”<sup>51</sup> Because advertising generally does not manifest to the offeree that the offeree’s assent will conclude the bargain, it is insufficient to satisfy the first prong of the on-sale bar.<sup>52</sup>

### **Sale or License of Patent Rights Not a Commercial Offer**

¶21 Section 102(b) of the Patent Act refers to an “*invention . . . on sale in this country . . .*”<sup>53</sup> It appears that an actual embodiment of the patented invention must be on sale before the on-sale bar is triggered.<sup>54</sup> Thus, an offer to sell or license patent rights would not be considered a commercial offer, especially if additional development work is necessary before the embodiment can be used or sold.<sup>55</sup>

¶22 For example, the Federal Circuit has held that “an assignment or sale of the rights in the invention and potential patent rights is not a sale of ‘the invention’ within the meaning of section 102(b). . . . Such a result comports with the policies underlying the on sale bar . . . and with the business realities ordinarily surrounding a corporation’s prosecution of patent applications for inventors . . . .”<sup>56</sup>

¶23 In *Moleculon Research Corp.*, the defendant argued that a meeting before the critical date between the patentee and a third party constitutes the placement of an invention on sale.<sup>57</sup> The patentee in this case argued that the meeting was intended solely to interest the third party in a license under the patent, and that no commercial offer for sale was made until the critical date.<sup>58</sup>

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<sup>48</sup> *Id.* at 481.

<sup>49</sup> *Id.* at 477-78.

<sup>50</sup> *Id.* at 480.

<sup>51</sup> *Minnesota Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1307 (Fed. Cir. 2002).

<sup>52</sup> *See id.* at 1308 (referencing the Restatement (Second) of Contracts § 24 (1981)).

<sup>53</sup> 35 U.S.C. § 102 (emphasis added).

<sup>54</sup> 2 DONALD S. CHISUM, CHISUM ON PATENTS: A TREATISE ON THE LAW OF PATENTABILITY, VALIDITY, AND INFRINGEMENT § 6.02[6] (2002).

<sup>55</sup> *Id.*

<sup>56</sup> *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1267 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 1030 (1987), *on remand*, 666 F. Supp. 661 (D. Del. 1987), *rev’d*, 872 F.2d 407 (Fed. Cir. 1989).

<sup>57</sup> *Id.* at 1267.

<sup>58</sup> *Id.*

¶24 The Federal Circuit upheld the district court’s holding that “[t]here is no indication in the subsequent written instrument that the parties contemplated the sale or transfer to Moleculon of the single physical embodiment of the puzzle then in existence. Nor is there any other evidence in the record to that effect.”<sup>59</sup>

¶25 Such reasoning was followed by the district court in *Larami Corp. v. Lanard Toys Ltd.*,<sup>60</sup> where the court held that the pre-critical date transaction “was for the sale of potential patent rights, not the sale of the embodiment of the invention.”<sup>61</sup> Similarly, the district court in *Gentry Gallery Inc. v. Berklime Corp.* denied summary judgment based on alleged prior sale offer by another inventor because, inter alia, the defendant did not prove that the inventor “offered to sell his sketch . . . as opposed to an offer to license the design.”<sup>62</sup>

¶26 The Federal Circuit further elaborated on the rule regarding the sale of licenses in *Mas-Hamilton Group v. LaGard, Inc.*<sup>63</sup> *Mas-Hamilton* involved a patent on a “dial combination lock.”<sup>64</sup> The court upheld the district court’s finding that there was no definite offer of an embodiment, but rather the purpose of a meeting with a potential customer was to discuss a license.<sup>65</sup> As a potential licensee of legal rights and not a potential customer of devices, the meeting did not constitute a commercial offer and trigger the on-sale bar.<sup>66</sup> Therefore, the offer for sale standard requires an actual physical transfer of the patented product, and must consist of more than mere negotiations related to licensing or future business relations.

¶27 Similarly, case law indicates that the sale or reorganization of a business entity and its associated products or processes does not necessarily constitute “on sale” activity. In *Micro-Magnetic Industries, Inc. v. Advance Automatic Sales Co.*<sup>67</sup> the company that owned a prototype optical validator for paper currency later embodied in a patent signed a contract (which was later terminated) to sell all its assets to another company. The Ninth Circuit held that the proposed sale of a business may or may not trigger the Section 102(b) bar, depending on the circumstances.

The policy underlying the public use and on sale bars to patentability is to prevent an inventor ‘from extending the period of his monopoly by exploiting his invention before his application for a patent.’ . . . The considerations which dictate a decision to reorganize a business and the form that such reorganization may take are varied, and are not

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<sup>59</sup> *Id.*

<sup>60</sup> 22 U.S.P.Q.2d 1440 (E.D. Pa. 1992).

<sup>61</sup> *Id.* at \*8.

<sup>62</sup> 30 U.S.P.Q.2d 1132, 1139 (D. Mass. 1994), *aff’d in part & rev’d in part*, 134 F.3d 1473 (Fed. Cir. 1998).

<sup>63</sup> 156 F.3d 1206 (Fed. Cir. 1998).

<sup>64</sup> *Id.* at 1209.

<sup>65</sup> *Id.* at 1216-17.

<sup>66</sup> *Id.* at 1217.

<sup>67</sup> 488 F.2d 771 (9th Cir. 1973).

necessarily inconsistent with this goal . . . . The injection of new capital into an inventor's business may facilitate the eventual commercial exploitation of any inventions upon which he is working, but this is no more true when the form of refinancing is a sale of assets or merger than when the inventor takes in a partner, issues or sells stock, or merely obtains a loan. Thus, we refuse to attach definitive significance to the fact that the optical validator, as one of Micro-Magnetic's many assets, was to be sold under Riddle's contract with Borg-Warner. Merely entering into that arrangement did not automatically trigger Section 102(b).<sup>68</sup>

### **THE COURT'S ANALYSIS IN 3M**

¶28 The Federal Circuit in *3M* indicated that “[t]he evidence in the record . . . only indicates that Ricon had sent samples of Ricoseal to various companies.”<sup>69</sup> The court held that “[p]roviding potential customers with samples of a product, without providing any other terms, is not a commercial offer for sale, because the recipient could not act in such a way that would create a contract.”<sup>70</sup> Without “the manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it,” there can be no offer.<sup>71</sup> The court then concludes that “the fact that Ricon sent samples of Ricoseal to various companies, without more, does not trigger the on-sale bar.”<sup>72</sup>

¶29 With regards the internal price quotes internationally requested within Ricon, the court reiterated that “communications between a company and its sales representatives soliciting information on pricing for a product cannot constitute an offer for sale to a customer who is not privy to the communications.”<sup>73</sup> Without actually sending the price quotes to customers, no reasonable jury could conclude that a sale or offer of sale was made.<sup>74</sup>

### **PUBLIC POLICY**

¶30 Three public policies have been articulated as being served by the on-sale bar standard developed in the *3M* case.<sup>75</sup> First, the on-sale bar prevents “detrimental public reliance.” A new product or process which appears publicly for a significant period of time without an assertion of patent rights may justifiably led people to believe that the product or process is not under patent protection. Second, the on-sale bar encourages prompt disclosure of new useful information, one of the policies served by the patent

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<sup>68</sup> *Id.* at 772-73.

<sup>69</sup> *Minnesota Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1308 (Fed. Cir. 2002).

<sup>70</sup> *Id.*

<sup>71</sup> RESTATEMENT (SECOND) OF CONTRACTS, § 24 (1981)

<sup>72</sup> *Minnesota Mining & Mfg. Co.*, 303 F.3d at 1308.

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*



system. Finally, the on-sale bar discourages attempts to extend the length of the effective patent monopoly by commercially exploiting a new invention and only applying for a patent when faced with competition.<sup>76</sup> The one-year “grace period” an inventor enjoys before the on-sale bar applies balances these three policies with the policy of allowing an inventor time to perfect the invention and prepare a patent application after sales activities have begun.<sup>77</sup> In interpreting the statutory bar provision, courts attempt to balance these policies.<sup>78</sup>

¶31 It has been argued that the current requirement of a commercial offer for sale before the on-sale bar is triggered does not further the above policies.<sup>79</sup> First, because advertising does not constitute a commercial offer for sale, various forms of advertising can be used to collect bids, procure funding, generate press and hype, and deter others from entering the market. In fact, it has been argued that commercial marketing activities may actually be more effective at gaining a competitive advantage than merely extending offers.<sup>80</sup>

¶32 Second, the requirement of a commercial offer for sale does not promote certainty. As discussed above, the UCC does not provide a pinpoint time of contract formation in all cases.<sup>81</sup> This may make it difficult for the patentee in many cases to determine whether the on-sale bar has been triggered before filing a patent application.

## CONCLUSION

¶33 Pfaff clarified the on-sale bar by replacing the “totality of the circumstances” analysis with a two-prong test: the invention must be ready for patenting, and there must be a commercial offer for sale.<sup>82</sup> From the subsequent case law, it is clear that the determination of whether an offer rises to the level of a commercial offer for sale will be made under UCC and contract principles. In particular, promotional activities are not commercial offers for sale. This is true even for large and extensive advertising campaigns which arguably allow an inventor to reap benefits before a patent is filed. Promotional

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<sup>75</sup> Note, *New Guidelines for Applying the ‘On Sale’ Bar to Patentability*, 24 STAN. L. REV. 730, 732-35 (1972); see also *LaBounty Mfg., Inc. v. U.S. Int’l Trade Comm’n*, 958 F.2d 1066, 1071 (Fed. Cir. 1992).

<sup>76</sup> See *In re Mahurkar Patent Litigation*, 831 F. Supp. 1354, 1369 (N.D. Ill. 1993), *aff’d*, 71 F.3d 1573 (Fed. Cir. 1995).

<sup>77</sup> See *UMC Elec. v. United States*, 816 F.2d 647, 655-56 (explaining the policies behind the on-sale bar).

<sup>78</sup> See *Seal-Flex, Inc. v. Athletic Track and Court Construction*, 98 F.3d 1318, 1322 (Fed. Cir. 1996), *further appeal*, 172 F.3d 836 (Fed. Cir. 1999).

<sup>79</sup> See Heather Colburn & Julie C. VanDerZanden, *The On-Sale Bar: Commercial Exploitation Through Competitive Advantage*, INTELL. PROP. TODAY, Sept. 2002, at 10-11 (arguing for a return to commercial exploitation as the trigger for the on-sale bar); Zerger, *supra* note 28, at 577.

<sup>80</sup> Colborn, *supra* note 79 at 11.

<sup>81</sup> See U.C.C. § 2-204(2) (2002) (indicating that a contract can be formed even if the time of contract formation is unknown).

<sup>82</sup> *Pfaff v. Wells Elec., Inc.*, 525 U.S. 55 (1998)

activities include sending samples to customers. In addition, case law has indicated that the sale or licensing of patent rights is not a commercial offer for sale.