

BASF CORP. v. SNF HOLDING CO., Appeal No. 2019-1243 (Fed. Cir. April 8, 2020). Before Lourie, Moore and Chen. Appealed from S.D. Cal. (Judge Baker).

Background:

BASF owns a patent directed to a process for making high-molecular-weight polymers, and BASF sued SNF for infringement of their patent. SNF argued, among other things, that a Sanwet process for manufacturing high-molecular-weight polymers that was performed by a third party, Celanese Corp., constituted an on-sale bar to BASF's patent under pre-AIA §102(b).

The Sanwet process was created in Japan by Sanyo Chemical Industries Ltd. to manufacture polymers, and is similar to the process recited in BASF's patent. Sanyo and Celanese entered into an exclusive license agreement that permitted Celanese to make, use, and sell Sanyo's polymers in the Americas. In addition, Sanyo furnished Celanese with extensive technical information about the Sanwet process, dispatched technical personnel to assist Celanese with plant start-up, and guaranteed that Celanese's plant would achieve the same performance as Sanyo's own plant in Japan. Celanese was obligated to protect the secrecy of Sanyo's confidential information for ten years and was only allowed to disclose such information to its employees and subcontractors to the extent necessary to build and operate the plant. These employees and subcontractors were in turn required to sign confidentiality agreements.

The district court held that the license agreement, together with Sanyo's technical information and in-person operations assistance, amounted to a sale, rather than just a license, because "the transmission of the process description to a user with the ability to perform the process constitutes putting the process 'on-sale'." Among other issues, the district court granted summary judgment of invalidity due to the on-sale bar of §102(b). BASF appealed.

Issue/Holding:

Did the district court err by holding that the Sanwet process constituted an on-sale bar to BASF's patent under §102(b)? Yes, reversed and remanded.

Discussion:

Before the Federal Circuit, BASF argued that the agreement between Sanyo and Celanese to license the Sanwet process did not constitute a sale under §102(b) based on the standard set forth in *In re Kollar*, in which the grant of a license to practice a patented invention, with or without accompanying technical information, does not itself create an on-sale bar.

The Federal Circuit found that Sanyo's license agreement with Celanese did not constitute a sale of the Sanwet process because "the essential features of the claimed process here were not embodied in a product sold or offered for sale before the critical date." The Federal circuit ruled that "the on-sale bar does not turn on whether or not the patentee's process information and assistance are helpful to the licensee or whether the licensee is capable of performing the licensed process."