

PRESALES AND THE ON-SALE BAR: Protecting Crowdfunded Inventions

Many new inventors, with big ideas and short funds, may be tempted to turn to crowdfunding options. Crowdfunding platforms, such as Kickstarter, Indiegogo, and Gofundme, can allow initial production costs of manufacturing a product to be offset by prospective sales to early backers of the invention. This approach, however, can expose an invention to threats to its patentability arising from a patent doctrine known as the “on-sale bar”, which prohibits an inventor from patenting an invention which is already on sale to the public.

The on-sale bar arises from U.S.C. §102(a)(1), which states that “[a] person shall be entitled to a patent unless the claimed invention was patented, described in a printed publication, or **in public use, on sale, or otherwise available to the public** before the effective filing date of the claimed invention...” U.S.C. §102(b)(1) further provides that disclosures made **by the inventor** (or joint inventor) 1 year or less before the effective filing date will not trigger the conditions of U.S.C. §102(a)(1). In other words, from the time an inventor places an invention on sale to the public, that inventor has 1 year in which to apply for a patent on that invention.

In the context of a presale or a crowdfunding offer, it is important to remember that an actual sale is not required to trigger the on-sale bar, an offer for sale is enough. In determining whether an offer for sale has been made, principles of contract law apply, and so preorders of an invention are likely to be construed as responses to an offer to sell the invention. Worse, from the standpoint of an inventor considering a presale offer, Supreme Court precedent in *Pfaff v. Wells Electronics*, 525 U.S. 55 (1988) establishes that the invention does not need to be “reduced to practice” for the on-sale bar to trigger. Rather, it is enough that the invention is “ready for patenting.” This means that, even if the invention has not been physically produced or prototyped, a preorder offer of a product that is far enough along to satisfy the enablement requirements of a patent application is enough to trigger the on-sale bar.

Because of this, it is important that any inventor considering a crowdfunding option that may place their invention on sale take proactive steps to protect the invention disclosure. In such circumstances, the best option is often to file a provisional or non-provisional patent application on the invention, as available at the time of the crowdfunding or presale offer, before any such offer is made. So, if you have an invention that you are thinking of launching through a crowdfunding campaign, your best answer is to consult qualified patent counsel about securing the protection you need **before** you start your crowdfunding campaign.

But what if you’ve already made the crowdfunding pitch, put out your presale offer, and your product is already out there? What if it’s been out for more than a year? Are there

any options still available to you? Maybe.

- If, like many early access products, the version offered for presale is subject to subsequent design revisions, then it may be possible to patent the improved and refined features of those revised designs.
- If the novelty of your invention includes one or more features that are not apparent from the presale offer, it may be possible to claim those portions of the invention which could not be known to the public until the product was delivered.

Most importantly, however, prospective inventors are best served by being aware of the risks that a presale offer presents to the patentability of their invention, and by adopting a considered, deliberate strategy of protecting their inventions before any such offer is made.



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