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## PATENTS

### De Minimis Infringement



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**T**here are at least three categories of infringement for which an infringer is arguably not liable for damages: experimental use, accidental infringement that is promptly terminated and de minimis infringement. The case law and informal conversation (even among patent lawyers, who should know better) often confuse these three categories, but they are conceptually distinct and have different boundaries. This article deals only with de minimis infringement.

De minimis infringement is still infringement (*See, e.g., Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282, 1299, 90 U.S.P.Q.2d 1769, 1782 (Fed. Cir. 2009) (noting that de minimis infringement can still be infringement); *Embrex, Inc. v. Serv. Eng'g Corp.*, 216 F.3d 1343, 1352-53, 55 U.S.P.Q.2d 1161, 1167 (Fed. Cir. 2000) (Rader, J., concurring) (“[T]his court has not tolerated the notion

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that a little infringement—de minimis infringement—is acceptable infringement or not infringement at all.”). However, as stated (by no less an authority than Judge Learned Hand) in *Condenser Corp. of America v. Mica-mold Radio Corp.* (145 F.2d 878, 880, 63 U.S.P.Q. 244, 246 (2d Cir. 1944)):

there comes a point where what may be literally a wrong is of too trifling importance to justify the intervention of a court.

#### What Judge Hand Wrote in *Condenser Corp.*

In *Condenser Corp.*, the patent owner sued a defendant in the Eastern District of New York based on his patent for automatically producing electric condensers. At the district court level, the court found the patent's claims valid and infringed, and the defendant appealed (145 F.2d at 878; 63 U.S.P.Q. at 244).

On appeal, the court considered the claims in two groups.

The first group of claims was found invalid over the prior art, and will not be discussed further but for Judge Hand's noting that the patent owner's sales (of approximately 100 machines) and the defendant's sales (of approximately 13 machines) could not be considered sufficient evidence of commercial success to overcome the obviousness rejection (145 F.2d at 879-80, 63 U.S.P.Q. at 245).

The second group of claims was found valid, but infringement presented a closer question. In fact, according to Judge Hand, there “may be, and probably is” a rare instance when the defendant's machines met the particular tension requirement of the asserted claims, although “[i]t is obvious . . . that the defendant does not seek any [particular] tension” and “no inference can be drawn from it that the construction was deliberately so designed” (145 F.2d at 880, 63 U.S.P.Q. at 246; interpolation supplied). Accordingly, while Judge Hand noted that the patent owner correctly relied upon the notion that the infringer's intent is immaterial, this type of de minimis infringement did not “justify the intervention of a court” (145 F.2d at 880, 63 U.S.P.Q. at 246).

Judge Hand further stated:

Moreover, it would be equally unwarranted to give judgment for damages or profits; for it is inconceivable that the infringement, if there is any at all, - which is doubtful at best - could add a cent to the defendant's profits, or could interfere in the slightest degree with the plaintiff's sales.

Because there were no grounds for awarding damages or an injunction based on this *de minimis* infringement, the Second Circuit Court of Appeals held that the second group of claims was not infringed (145 F.2d at 880, 63 U.S.P.Q. at 246). However, the authors of this article submit that this is a carelessly worded conclusory sentence. *De minimis* infringement, which was not excluded here, is still infringement.

## Why There Are Few Reported Opinions Involving De Minimis Infringement

Despite diligent efforts, we have found very few opinions involving even allegations of *de minimis* infringement, let alone findings of *de minimis* infringement. Our first thought was that the reason for this is obvious.

First, why would patent owners knowingly incur the cost of patent litigation if the prospect of obtaining significant damages is, well, *de minimis* from the get go? As Judge Rader wrote for the unanimous panel of the Court of Claims in *Deuterium Corp. v. United States* (19 Ct. Cl. 624, 631, 14 U.S.P.Q.2d 1636, 1642 (Ct. Cl. 1990)), "Damages for an extremely small infringing use may be *de minimis* . . .". This has been implicitly recognized by some companies who could otherwise sue infringers for small amounts of damages. For example, Monsanto published a statement on its website related to *de minimis* infringement of transgenic seeds, stating "[i]t has never been, nor will it be Monsanto policy to exercise its patent rights where trace amounts of our patented seeds or traits are present in farmer's fields as a result of inadvertent means" (See <http://www.monsanto.com/newsviews/pages/commitment-farmers-patents.aspx> (last visited Aug. 4, 2016)).

Second, even if it wasn't obvious from the get go that the prospect of obtaining significant damages is *de minimis*, why would any sane patent owner continue the litigation to final judgment once it has become apparent that, at most, it is going to recover only *de minimis* damages? Even if there is no possibility of settling the case for at least token damages, why wouldn't stanching the hemorrhage by moving to dismiss normally (or, at least, often) be preferable to continuing to shovel good money after bad?

However, on reflection, we have posited a few reasons that may explain some of the actions for *de minimis* infringement.

First, some cases involving *de minimis* infringement may be explained by the fact that the plaintiff patentee hates (or, more realistically, the folks controlling the company that owns the involved patent hate) the defendant (or, more realistically, the folks controlling the defendant company). As every litigating attorney knows, that sort of relationship explains a surprising amount of litigation (See, e.g., *Granco-Clark, Inc. v. Belco Industries, Inc.*, 1991 U.S. Dist. LEXIS 1881, \*31-32 (W.D. Mich. Feb. 13, 1991) ("the market impact of defendant's infringement was *de minimis* until defendant made the agreement with [plaintiff's major competitor] . . . Evidence of such an agreement undercuts the credibility of plaintiff's showing on its patent infringement claims by

suggesting that competition, not infringement, is the poison arrow for which plaintiff seeks a remedy.'").

Second, some cases involving *de minimis* infringement may be explained by the plaintiff patentee's fear that, if the infringement is not stopped immediately, while it is still *de minimis*, the infringement will rapidly evolve into large scale infringement and that no amount of damages that are realistically obtainable would put that genie back in the bottle. While this logic has some appeal to patent attorneys, we must bear in mind that the law of trademarks has considered this situation and explicitly suggests taking the opposite approach with the doctrine of progressive encroachment (See, e.g., 6 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:21 (4th ed. 2001)). However, if the owner of a trademark tolerates *de minimis* infringement (or multiple *de minimis* infringements) for long enough, there is a danger that its trademark will be lost to genericide or that it will be unable to enforce its trademark against specific individual infringers.

Third, some cases involving *de minimis* infringement may be explained by sheer corporate inertia. That is, once corporate management has authorized the bringing of a patent infringement action, no one in corporate management will take responsibility for pulling the plug, thereby implying that the original decision was a mistake.

## What About Injunctions and Exclusion Orders?

So far we have focused on the dim prospects for recovering significant damages for *de minimis* infringements. However, many patent infringement suits are not brought to obtain damages (or not brought for the primary purpose of obtaining damages), but instead are brought to put an end to the infringing conduct. What, if any, significance does either the fact that the infringing conduct to date has been *de minimis* or the fact that the reasonably anticipatable future conduct is likely to be *de minimis* have for the patentee's ability to obtain either an injunction from a district court or an exclusion order from the International Trade Commission?

*Condensor Corp.*'s logic that there are times where what may be literally a wrong is of too trifling importance to justify the intervention of a court has been applied in the context of investigations at the ITC. In Investigation No. 337-TA-189, the ITC found that Sumitomo Electric Industries Ltd. infringed Corning Glass Work's patent for a process of making fiber optics. But in the investigation, the quantity of Sumitomo's imports was found to be *de minimis* with respect to the growing domestic industry related to fiber optics and thus had no effect on domestic industry. Because there was no injury to a domestic industry, there was no violation under Section 337, and the ITC declined to issue an exclusion order (See *Corning Glass Works v. United States ITC*, 799 F.2d 1559, 1563, 230 U.S.P.Q. 822, 824 (Fed. Cir. 1986) (affirming the ITC's decision)).

Interestingly, in affirming the ITC's decision, the Federal Circuit noted the difference between injunctions, where (at that time) injury could be assumed simply by infringement, and exclusion orders (where injury to domestic industry had to be proven), hinting that an injunction might have been appropriate under these circumstances in a district court setting (799 F.2d at 1567,

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230 U.S.P.Q. at 827). But, times have changed, and in *eBay Inc. v. MercExchange LLC* (547 U.S. 388, 78 U.S.P.Q.2d 1577 (2006)), the presumption of harm based solely on infringement was abolished. Accordingly, a plaintiff seeking an injunction in a district court based on a finding of de minimis infringement is likely to be unable to prove that an irreparable harm has been suffered under the *eBay* standard.

With that in mind, it is unsurprising that we have been unable to find any injunctions issued in response to a finding of de minimis infringement under either the old standard or the new *eBay* standard, presumably because—as noted above—such cases rarely proceed to trial where the likelihood of receiving damages or obtaining an injunction (or an exclusion order) is slim.