Escape Infringing a Patented Method of Manufacturing — Legally

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Your competitor has a U.S. patent protecting a method of manufacturing, which prevents you from practicing that method in the U.S. But you (and your competitor) may be surprised to learn that does not completely prevent your company from using that same patented method to sell products in the U.S. — legally — and without a license.

Every patent has what are called "claims," the part of the patent that defines what others are prohibited from making, using, and so forth. Some patents claim a product, and some patents claim a method of making or using a product. Method patents can provide a degree of protection for products that are so well known that they can no longer be patented as products (think bulk commodities, as opposed to a new electronic gadget). Method-of-manufacturing patents are commonly used in such cases. They protect a novel way of making a product, even an old product.

While a company cannot simply practice a method of manufacturing protected by a U.S. patent within the U.S. (that is patent infringement), there are opportunities to legally avoid patent infringement by manufacturing a product abroad and then importing it into the U.S. under certain scenarios.

Scenario 1: Intermediates and minor components. If your competitor's patent claims a method to make an intermediate, a component, or something for use in completing your final product, but not a method of making the final product itself, there are two instances where you could legally make the intermediate outside the U.S., use it to make the final product, and then import the final product into the U.S. without infringing the patent.

The first instance is when a component becomes a trivial and nonessential component of another product. This includes situations where the patented method covers the manufacturing of minor components or ingredients, and then those components are used in the final product (*e.g.,* a bolt used to make an automobile).

The second instance is when an intermediate is materially changed by subsequent processes. There have been several court cases that have analyzed what constitutes a "material change," and while that analysis is highly fact-specific, generally some change to the basic utility of the material constitutes a material change.

Under either instance, if all the manufacturing is performed outside the U.S., then importing the final product itself will not infringe the U.S. patent. But beware that neither of these two situations apply to infringement actions litigated before the International Trade Commission (ITC), which applies different law. Not every patent owner is allowed to file a petition with the ITC, so before relying on these two exceptions to patent infringement, be sure that the patent owner in question is precluded from filing a complaint with the ITC.

Scenario 2: Catalysts and test methods. If your competitor's patent claims a method used in the manufacturing process but the product of which is never imported into the U.S., then even if you use the patented method, there is no infringement because the product of the patented method itself is not imported.

Two classic examples are catalysts and test methods. For example, if your competitor's patent claims a method of testing a product for quality control, so long as you perform that method outside the U.S. (and don't import the test results), importing the final product that was tested would not give rise to infringement of the patent. Or, if your competitor's patent claims a method of making or regenerating a catalyst to make a chemical product that is then imported, again — so long as you don't import the catalyst itself — importing the final product would not give rise to infringement of the patent.

Scenario 3: De minimis infringement. *De minimis* infringement can occur when the patent covers a method of making the final product, but the process being used only falls inside the scope of the claims a small fraction of the time (*e.g.,* if the process only infringes at startup and shutdown of a continuous process). There is no exception to liability for *de minimis* infringement when the product is made in the U.S., but there might be one for products made abroad.

At least one judge in the Federal District Court for the District of Massachusetts took the position that a finding of *de minimis* activity under the statute that governs domestic infringement does not necessarily compel a finding of infringement under the statute that governs the importation of products made abroad by patented methods. While building a supply chain based solely on the possible existence of this *de minimis* exception would be very risky, it is worth watching how the law develops in the future — so stay tuned for future updates.

Lastly, while there are several different scenarios in which manufacturing a product abroad and then importing it into the U.S. can legally avoid infringement of a method-of-manufacturing patent, there are also many pitfalls for the unwary. The devil is always in the details, and a qualified patent attorney can provide advice on any individual situation. CEP

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