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Categories:

[Coronavirus Response](#)

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[Technology Blog](#)

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Spare a Thought for Patents When Fighting COVID-19

Embracing both patents and patented technology may advance the fight against COVID-19. In Italy, the exponential growth of coronavirus cases is overwhelming hospitals and morgues.^[1] In the U.S., public health experts believe we are one to two weeks behind Italy.^[2] Everyone, from large entities reallocating manufacturing capacity to individual citizens self-quarantining, is being asked to contribute to the fight against the disease. In this context, patents, which only allow their holders to prevent others from taking action, may seem particularly inappropriate.

The overriding imperative to fight COVID-19 hasn't rendered patents irrelevant. Thus far, patentees have shown no inclination to enforce their rights as they relate to COVID-19 technology.^[3] However, there is no guarantee that this forbearance will be universal.^[4] This uncertainty can give rise to an exaggerated fear of lawsuits that could hamper efforts to combat the disease.^[5] On the flip side, overlooking the protection provided by patents can lead businesses to be unnecessarily secretive with their technology,^[6] and could interfere with that technology being deployed as effectively as possible.

Those on the front lines should realistically evaluate the role patents can play in the fight against COVID-19, so they can make informed decisions as to how best use and account for this type of intellectual property in a time of public health emergency.

Patents Cannot Interrupt Availability of Critical Technology

One fear with respect to patents is that patentees will use their rights to block tools for treating, diagnosing or preventing COVID-19.^[7] At first blush, this may seem like a reasonable fear, because patentees can seek an injunction to stop sales of an infringing product. However, upon closer analysis, it is clear this fear is unfounded. To obtain injunctive relief, a patent holder must show:

- (a) it is likely to prove infringement during litigation;
- (b) it is likely to suffer irreparable harm if the alleged infringing activity continues;
- (c) the balance of equities or hardships tips in its favor, and
- (d) a preliminary injunction is in the public interest.[\[8\]](#)

Given the overwhelming importance of responding to COVID-19, there is little to no chance a court would consider it to be in the public interest to issue an injunction that would interrupt the availability of necessary devices or processes, regardless of whether they were covered by a patent.

Past cases dealing with critical health devices bear out the intuition that courts would not issue an injunction that would interfere with those devices' availability. Examples of past instances where the public interest in wide availability of a product outweighed that of the patent holder include the production and sale of test kits for hepatitis and cancer,[\[9\]](#) critical components of pacemakers,[\[10\]](#) and catheters.[\[11\]](#) Indeed, for a patentee to have a chance of obtaining an injunction, it would either need to be able to meet demand both at the time of the injunction and in the future,[\[12\]](#) or tailor the injunction to ensure that it would not interrupt supply.[\[13\]](#) With that said, courts have broad discretion on whether to issue an injunction. It is likely that a court dealing with COVID-19 technology would refuse to issue an injunction simply because giving a patentee, even one who could meet demand, exclusive supply rights could put the response to the disease at risk. For example, in a case where a patentee sought to enjoin sales of an infringing product that was required to meet a soon-to-be-implemented federal railway standard, an injunction was denied because it was seen as serving the public interest to have multiple suppliers as the standard's implementation deadline neared.[\[14\]](#) Accordingly, despite the theoretical potential of an injunction, both common sense and historical practice make clear that patents cutting off the supply of critical technology is not a realistic concern in the fight against COVID-19.

Patent Liability is Unlikely to Increase Cost, even for Willful Infringement

Even if injunctive relief is unavailable, it is still possible a patentee could file suit seeking money damages as compensation for COVID-19 related infringement. Despite the existence of eye-popping infringement verdicts in other contexts,^[15] the only damages a successful patent infringement plaintiff are absolutely entitled to is a reasonable royalty.^[16] The most common approach to calculating a reasonable royalty is to simulate the hypothetical negotiation between the infringer and the patentee that would have taken place if an agreement had been reached before the infringement took place.^[17] As a result, and unless enhanced damages are awarded (which, as noted below, they probably would not be) the cost for infringing a patent due to the exigencies of COVID-19 is unlikely to be more than what it would have cost to purchase an authorized version of the infringing product or service if the infringer had been able to negotiate an agreement with the patentee to supply it.

Mechanisms used by patentees to recover damages beyond what would have been paid in negotiations with a willing licensee are unlikely to succeed in cases related to COVID-19 infringement. For example, one of the requirements for an award of lost profits is for the patentee to show that they had the capacity to fill the demand satisfied by the infringement.^[18] This showing could be quite difficult to make, since the fight against COVID-19 has even the largest manufacturers scrambling to shift and ramp up production.^[19] Even in a case where the infringement is willful, the likelihood of an award of enhanced damages would be reduced by the need to fight the disease. This is because enhanced damages awards are discretionary even where willfulness is shown.^[20] It is hard to imagine a court would use that discretion to punish an infringer for taking actions they thought were necessary to respond to a public health emergency.^[21] Accordingly, the actual requirements of patent damages law can serve to limit potential exposure, and should help dispel potential concern regarding liability for infringement that takes place to fight COVID-19.

Patents Can Support the Fight Against COVID-19

By providing a tool that allows for sharing in crisis while avoiding long term asset surrender, patents can play a positive role in the fight against COVID-19. While short term requirements of the emergency are paramount, businesses must also consider long term impacts of their efforts in fighting the disease.^[22] For proprietary information on unpatented technology, these long term impacts can be substantial, because once information protected as a trade secret is publicly exposed the protection is gone.^[23] While this can be mitigated by measures such as entering into mutual nondisclosure and confidentiality agreements; the necessity of such agreements to protect a trade secret will add cost and delay to any effort to share this type of information. It also isn't compatible with some types of cooperation – such as freely making information available so that anyone, including volunteers with 3D printers or other distributed manufacturing capability, can make use of it. By contrast, because patents provide protection for a fixed term regardless of disclosure; a patentee can share information about their patented technology, and can even offer free licenses to the public to use the technology during the crisis, without worrying about permanently giving up their rights. Indeed, patents not only enable sharing of information, they require it as a condition of the patentees' exclusive rights. They also provide incentives for the patentee to ensure that the sharing is effective, because someone (particularly someone who can benefit from a free license offered by the patentee) who knows how to make and use a patentee's technology will feel less pressure to develop alternatives that could potentially compete with the patentee's technology once the crisis is over. Accordingly, patents provide a ready tool that can allow businesses to devote maximum effort to fighting COVID-19 without having to worry about the long-term consequences of those efforts on the value of their proprietary information.

Conclusion

On the one hand, the legal requirements for obtaining injunctions or enhanced damages are designed to take into account the exigencies of the situation for the people who may infringe out of a need to fight the disease, and to minimize the likelihood that they will be shut down or have to pay more than they would have agreed

to pay the patentee if they had been able to negotiate before the infringement took place. On the other hand, patents can provide an effective mechanism for sharing information and enable businesses to support broad-scale production efforts in a way that would be impossible for inventions that need to be protected by confidentiality. Thus, despite potentially seeming a poor fit for responding to an emerging crisis it behooves everyone involved to spare a thought for patents when fighting COVID-19.

For more information please contact [William Morriss](#), [Doug Gastright](#) or any attorney in Frost Brown Todd's [Intellectual Property](#) practice group.

To provide guidance and support to clients as this global public-health crisis unfolds, Frost Brown Todd has created a [Coronavirus Response Team](#). Our attorneys are on hand to answer your questions and provide guidance on how to proactively prepare for and manage any coronavirus-related threats to your business operations and workforce.

[1] Covid 19 Coronavirus: How virus overwhelmed Italy with Almost 5000 deaths in a month, New Zealand Herald, March 22, 2020, available at https://nzherald.co.nz/world/news/article.cfm?c_id=2&objectid=12318768.

[2] Kim Hjelmgaard and Jim Sargent, *USA TODAY analysis: America's coronavirus 'curve' may be at its most dangerous point*, USA Today, March 21, 2020, available at <https://www.usatoday.com/in-depth/news/world/2020/03/19/coronavirus-curve-us-may-its-most-dangerous-point/2863553001/>.

[3] For example, after the defendant announced that they were using accused infringing technology to fight COVID-19, the plaintiff in *Fortress v. bioMerieux* publicly announced that they were issuing a royalty free license to any third party working on diagnostic tests directed to COVID-19. Gene Quinn, *Twisting Facts to Capitalize on COVID-19 Tragedy: Fortress v. bioMerieux*, IP Watchdog, March 18, 2020, available at <https://www.ipwatchdog.com/2020/03/18/twisting-facts-capitalize-covid-19-tragedy-fortress-v-biomerieux/>.

[4] For historical precedent, see *Sarazin v. Wright Aeronautical Corporation*, 54 F.Supp. 244, 252 (S.D.N.Y. 1944) (asserting patents on dampers used in airplane engines sold to the U.S. government during world war II).

[5] See, e.g., Jay Peters, *Volunteers produce 3D-printed valves for life-saving coronavirus treatments*, The Verge, originally published March 17, 2020, updated March 18, 2020, available at <https://www.theverge.com/2020/3/17/21184308/coronavirus-italy-medical-3d-print-valves-treatments> (incorrectly reporting that volunteers who had 3D printed a part used in ventilators and unavailable from the original manufacturer had been threatened with a lawsuit for patent infringement).

[6] For example, a manufacturer who does not have, or does not fully appreciate the implications of having, patent protection could have a policy of withholding production information out of an intuitive instinct to avoid giving up information that is “proprietary.” It appears that this may have been the case for the manufacturer that was originally incorrectly reported as threatening volunteers who 3D printed necessary ventilator parts. See Peters, *supra*, note 5:

He said the company had simply refused to release design files, forcing them to reverse-engineer the valve. “I talked to an operator who told me he couldn’t give me the files, but after that we didn’t receive anything from the original company — so I can assure you we didn’t get any threat,” he said. “They said they couldn’t give us the file because it’s company property, but that’s all.”

[7] E.g., Josh Landau, *Patents in the Time of Coronavirus*, Patent Progress, March 18, 2020 available at <https://www.patentprogress.org/2020/03/18/patents-in-the-time-of-coronavirus/> (describing a patent infringement suit as a patent holder “suing to block sales of a device which might be useful in increasing the availability of testing for a virus currently causing a global pandemic.”).

[8] *Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372, 1375–76, 90 USPQ2d 1918 (Fed. Cir. 2009).

[9] *Hybritech Inc. v. Abbott Laboratories*, 849 F.2d 1446, 1458, 7 U.S.P.Q.2d 1191 (Fed. Cir. 1988).

[10] *Cordis Corp. v. Medtronic, Inc.*, 835 F.2d 859, 864, 5 U.S.P.Q.2d 1118, 97 A.L.R. Fed. 683 (Fed. Cir. 1987).

[11] *Datascope Corp. v. Kontron Inc.*, 786 F.2d 398, 401, 229 U.S.P.Q. 41 (Fed. Cir. 1986).

[12] See *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, 106 F. Supp. 2d 696, 707 (D.N.J. 2000) (permanent injunction issued against infringing vaccine where patentee showed it was able to meet both current and future demand).

[13] See *Shiley, Inc. v. Bentley Laboratories, Inc.*, 601 F. Supp. 964, 971, 225 U.S.P.Q. 1013 (C.D. Cal. 1985) (accused infringer was given a six month transition period during which it could continue to sell its blood oxygenator while the patent holder increased its own supply and distribution capabilities).

[14] *Westinghouse Air Brake Techs. Corp. v. Siemens Indus., Inc.*, No. CV 17-1687-LPS, 2018 WL 3655782, at *1 (D. Del. Aug. 2, 2018):

the public interest would be disserved if Wabtec's motion were granted and, further, ... the public interest is not disserved by denying the motion, given the December 2018 federal statutory deadline for implementation of PTC, the interests of public safety (reflected in the Rail Safety Improvement Act), and the railroads' demonstrated desire for mitigating the risk created by reliance on a sole supplier of PTC.

[15] E.g., Edvard Pettersson, Susan Decker and Mark Gurman, *Apple and Broadcom Ordered to Pay \$1.1 Billion for Patent Infringement*, Bloomberg Technology, January 29, 2020, available at <https://www.bloomberg.com/news/articles/2020-01-29/apple-broadcom-ordered-to-pay-1-1-billion-for-infringement>.

[16] 35 U.S.C. § 284 ("Upon finding for the claimant the court *shall* award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer.") (emphasis added).

[17] E.g., *Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1324 (Fed. Cir. 2009) ("The ... more common approach [to calculating a reasonable royalty], called the hypothetical negotiation or the 'willing licensor-willing licensee' approach, attempts to

ascertain the royalty upon which the parties would have agreed had they successfully negotiated an agreement just before infringement began.”).

[18] *Gargoyles, Inc. v. U.S.*, 113 F.3d 1572, 1577–78, 42 U.S.P.Q.2d 1760 (Fed. Cir. 1997).

[19] *E.g.*, Joe Carlson, *Medtronic to double ventilator production to meet COVID-19 treatment demand*, Star Tribune, March 20, 2020, available at <http://www.startribune.com/medtronic-to-double-ventilator-production-to-meet-covid-19-treatment-demand/568959952/>.

[20] *Georgetown Rail Equipment Company v. Holland L.P.*, 867 F.3d 1229, 1244 (Fed. Cir. 2017).

[21] *See Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S.Ct. 1923, 1933–34 (2016):

Section 284 allows district courts to punish the full range of culpable behavior. Yet none of this is to say that enhanced damages must follow a finding of egregious misconduct. As with any exercise of discretion, courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount. Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test. Consistent with nearly two centuries of enhanced damages under patent law, however, such punishment should generally be reserved for egregious cases typified by willful misconduct.

[22] *See, e.g.*, Chamika Hand, *Coronavirus: directors’ liability and insurance claims*, Out-Law Analysis, March 19, 2020, available at <https://www.pinsentmasons.com/out-law/analysis/coronavirus-do-insurance-claims>.

[23] *E.g.*, *Ruskelshaus v. Monsanto Co.*, 467 U.S. 986, 1002 (1984) (“If an individual discloses his trade secret to others who are under no obligation to protect the confidentiality of the information, or otherwise publicly discloses the secret, his property right is extinguished.”).

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