

Legal Alert

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QUESTION: CAN A FARMER REALLY BE PREVENTED FROM GROWING A CROP FROM THE SEEDS OF PLANTS THAT HE GREW?

ANSWER: THE U.S. SUPREME COURT SAYS THAT A FARMER CANNOT GROW PATENTED SEEDS IN ORDER TO MAKE THE NEXT CROP.

Many people are surprised to learn that living things such as plants, organisms and seeds can be patented. You may also be surprised that farmers cannot save patented seeds from their prior crops to plant the next year. The law sometimes allows patent holders to prevent buyers from making new copies of patented items, however. The extent of patent protection for self-replicating items will be increasingly important as software, robots and other products mimic plants by self-replicating.

Meanwhile Down on the Farm.

Vernon Bowman, a farmer in Indiana, learned an expensive lesson about replanting with patented seed. Mr. Bowman purchased "Roundup Ready" soybean seed from an affiliate of Monsanto Company. When he bought the seed, Mr. Bowman agreed to a special licensing agreement allowing him to plant the purchased soybean seeds in one season only. The agreement required him to consume the resulting soybean crop or sell it as a commodity. The agreement prevented Mr. Bowman from saving any of the harvested soybeans for replanting or supplying the harvested soybeans to anyone else for replanting. *Bowman v. Monsanto Co.*, 569 U.S. __ (2013).

So what is so special about Roundup Ready soybeans? Monsanto invented a genetic modification that allows soybean plants to survive exposure to glyphosate. Glyphosate is the active ingredient in herbicides, including Roundup produced by Monsanto. Monsanto sells the genetically altered soybean seed as Roundup Ready seed. With Roundup Ready seed, farmers can use Roundup herbicide to kill weeds without damaging their soybean crops. Monsanto holds two patents covering its Roundup Ready technology.

The glyphosate resistance comes from the genetic material of the seeds and that trait is passed on from planted seeds to harvested soybeans. As the Supreme Court noted "Indeed, a single Roundup Ready seed can grow a plant containing dozens of genetically identical beans, each of which, if replanted, can grow another such plant – and so on and so on." Therefore, Monsanto requires farmers to sign the special licensing agreements so that they will have to buy from Monsanto each season.

Mr. Bowman decided he could get around the patent rights of Monsanto and the obligations of the special licensing agreement by buying soybeans intended for human or animal consumption from a local grain elevator and planting them in his fields. Mr. Bowman knew that many of the soybeans he bought would contain Monsanto's patented genetic material. Most of the soybean plants that he grew survived treatment with glyphosate herbicide and produced new soybeans with the Roundup Ready genetic trait. "Bowman saved seed from that crop to use in his late-season planting the next year – and then the next, and the next, until he had harvested eight crops in that way."

Reaping the Consequences.

When Monsanto found out what Mr. Bowman was doing, it sued him. Monsanto was awarded \$84,456 against Mr. Bowman for its damages due to the patent infringement.

Why did Mr. Bowman think he could get away with his patent infringement? He argued that Monsanto could not control what he did with the soybeans because they were the subject of a prior authorized sale from local farmers to the grain elevator. Mr. Bowman said that he had the right to use the patented seed following an authorized sale under the doctrine of "patent exhaustion."

The doctrine of patent exhaustion limits a patentee's right to control what others can do with an article embodying or containing an invention. Under the doctrine, "the initial authorized sale of a patented item terminates all patent rights to that item."

The Supreme Court disagreed because the doctrine of patent exhaustion only applies to the "particular article" sold. The patentee can still prevent buyers from making new copies of the patented item. "[T]he purchaser of the [patented] machine ... does not acquire any right to construct another machine either for his own use or to be vended to another." Producing the next generation of genetically altered seeds is the equivalent of copying a patented machine.

Growing Field?

The Court noted that the result might have been different if the protection for the seeds were only a certificate under the Plant Variety Protection Act, rather than the greater protections afforded by the Patent Act. The Plant Variety Protection Act and the Plant Patent Act of 1930 give less protection from activities such as seed production and further experimentation with patented varieties. Many plant varieties are unable to satisfy the stringent requirements for utility patents under the Patent Act, but qualify for the lesser protections of the other statutes protecting plant varieties.

The Court also limited its ruling, noting: "Our holding today is limited – addressing the situation before us, rather than every one involving a self-replicating product ... such inventions are becoming ever more prevalent, complex, and diverse." Patent rights in man-made micro-organisms have been protected by the Patent Act for over 30 years. What's next?

Whether you want to protect your intellectual property or avoid infringing the intellectual property of someone else, please call me before you get lost in the weeds of patent law.