Client Alert

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Bowman v. Monsanto: Crisis Averted on IP Protection for Self-Replicating Technologies

By Matthew Alan Chivvis, Matthew I. Kreeger and Michael R. Ward

Life science companies in general (and seed companies in particular) are breathing a sigh of relief following the Supreme Court's decision yesterday in *Bowman v. Monsanto*.

As *Bowman* wended its way through district court to the Federal Circuit, the rulings were consistent that Mr. Bowman — a farmer who planted multiple generations of seeds with Monsanto's technology without paying Monsanto for the seeds — had infringed Monsanto's patents. These rulings were in line with court precedents that the "patent exhaustion" doctrine did not give a purchaser the right to make new copies of a patented invention. When the Supreme Court granted certiorari, however, there was cause for concern that the Federal Circuit might be reversed, putting IP protection for self-replicating life science inventions in jeopardy.

Now those fears can be put to rest. Yesterday the Supreme Court issued a unanimous opinion that affirmed the Federal Circuit, holding that one who purchases patented seeds may not "reproduce them through planting and harvesting without the patent holder's permission."

Rather than making a broad rule, the Supreme Court made clear that its holding "is limited" to the situation that was before the Court, "rather than every one involving a self-replicating product." The *Bowman* case involved the use of seeds for Monsanto's "Roundup Ready®" soybean variety with a transgenic gene for resistance to the herbicide glyphosate. Monsanto has several patents that cover these genetically modified soybean seeds. Soybeans can be considered "self-replicating" because the flowers are perfect (meaning they are self-fertile) and cross pollination is almost non-existent. Thus, each new generation of soybean seeds (which for soybeans are the beans themselves) will have substantially the same traits as the previous one.

Taking advantage of this fact, Mr. Bowman started purchasing commodity seeds (*e.g.*, soybeans sold for feed or industrial use) from a grain elevator to plant some of his yearly crop. Because the majority of soybean seeds sold into commodity markets in his home state of Indiana were grown from seeds containing Monsanto's Roundup Ready® technology, Mr. Bowman found that the commodity seeds he had purchased were resistant to glyphosate as well, and he used Roundup® to treat fields planted with the commodity seeds. He also began saving seeds from subsequent crop generations grown from the commodity seeds and replanting them to grow additional yearly crops. Monsanto investigated and later sued in district court, where it obtained a judgment of patent infringement against Mr. Bowman and $84,456.20 in damages.

On appeal, Mr. Bowman's principal argument was that, under the Supreme Court's prior decisions (outside the life science fields), the authorized sale of a product exhausted Monsanto's patent rights in the product and anything produced with the purchased product that "substantially embodies" the same characteristics. Monsanto argued that Mr. Bowman was liable for infringement by planting commodity seeds because patent protection is

independently applicable to each generation of soybeans (or any other crop) that "contains the patented trait." The Federal Circuit sided with Monsanto, explaining that "[e]ven if Monsanto's patent rights in the commodity seeds are exhausted, such a conclusion would be of no consequence because once . . . the next generation of seed develops, the grower has created a newly infringing article." Moreover, the Federal Circuit cautioned that applying principles of exhaustion "to subsequent generations of self-replicating technology would eviscerate the rights of the patent holder."

The Supreme Court's decision to review the Federal Circuit's judgment — despite the Solicitor General's recommendation that certiorari be denied — put many in the life science industry on edge because an outright reversal could have resulted in a bar to infringement suits as to subsequent generations of any product that replicates itself in substantially identical form, including "man-made cell lines, DNA molecules, some nanotechnologies, and other technologies that involve self-replicating features," as the Solicitor General noted in a brief supporting affirmance of the Federal Circuit.

Now, the question is how broadly lower courts will interpret the Supreme Court's ruling. The Court was careful to limit its decision, suggesting that it might not apply where an article's self-replication "occur[s] outside the purchaser's control" or is "a necessary but incidental step in using the item for another purpose." Thus, the Court left room for the application of patent exhaustion to self-replicating technologies in other contexts. Indeed, the Court noted that "Bowman was not a passive observer of his soybeans' multiplication." The Court also suggested that an authorized sale of seeds for planting might create an implied license to at least one subsequent generation of the seeds, and this could have import for other self-replicating technologies as well.

Contact:

Michael R. Ward
(415) 268-6237
mward@mofo.com

Matthew I. Kreeger
(415) 268-6467
mkreeger@mofo.com

Matthew Alan Chivvis
(415) 268-7307
mchivvis@mofo.com

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