

## PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

### Court's ruling favoring Monsanto not surprising given the specifics of the case tried

On Monday, May 13, 2013, the US Supreme Court issued its ruling in the *Bowman v. Monsanto* patent infringement case. Aside from Mr. Bowman, it seems likely that relatively few people with detailed knowledge of the specific case would be surprised that the court ruled that Bowman had infringed on Monsanto's Roundup Ready soybean patent ([http://www.supremecourt.gov/opinions/12pdf/11-796\\_c07d.pdf](http://www.supremecourt.gov/opinions/12pdf/11-796_c07d.pdf)).

Vernon Hugh Bowman is a farmer in Indiana who raises soybeans and uses Monsanto's Roundup Ready soybeans for this first soybean crop of the season and does not save the harvested seeds. He also makes a late-season planting. Given the greater risk of the second planting, he decided—during the period of time in question—to evade the price premium that Monsanto charged for its seed.

But the glyphosate resistance was important to Bowman, so he went to the local elevator and purchased some soybeans for use in his late-season plantings. Because most US farmers use Roundup Ready soybeans Bowman could anticipate that the bulk of the beans he purchased had this trait. And, he was correct. When he sprayed his fields with glyphosate to kill the weeds, most of the soybean plants survived. He then saved some of the seeds for planting in the following year. He occasionally purchased additional soybeans from the elevator in subsequent years, but never directly used soybeans from his first planting.

He did this for eight years and when Monsanto found out, they sued and won in District Court. The Federal Circuit Court affirmed the lower court ruling and Bowman appealed the case to the US Supreme Court.

Bowman made the argument of patent exhaustion. In the unanimous decision of the court, US Supreme Court Justice Elena Kagan writes, “under the doctrine of patent exhaustion, the authorized sale of a patented article gives the purchaser, or any subsequent owner, a right to use or resell that article. Such a sale, however, does not allow the purchaser to make new copies of the patented invention” which is exactly what Bowman did.

Later in the decision Kagan noted, “the ‘right to use’ a patented article following an authorized sale, the [Federal Circuit] court explained, ‘does not include the right to construct an essentially new article on the template of the original, for the right to make the article remains with the patentee.’” In earlier cases the court has ruled that just because someone can purchase a product and reverse engineer it, they do not have the right to duplicate it and sell it. The “‘second creation’

of the patented item ‘call[s] the monopoly, conferred by the patent grant, into play for a second time.’”

After dismissing several other arguments made by Bowman, Kagan writes, “our holding today is limited—addressing the situation before us, rather than every one involving a self-replicating product. We recognize that such inventions are becoming ever more prevalent, complex, and diverse. In another case, the article’s self-replication might occur outside the purchaser’s control. Or it might be a necessary but incidental step in using the item for another purpose.... We need not address here whether or how the doctrine of patent exhaustion would apply in such circumstances.”

This is a significant caveat that may create challenges for the holders of seed patents.

In January 2005 we wrote, “Let us suppose that over the winter, while getting his equipment ready for the next year’s harvest, a farmer took his Case International Harvester combine apart to clean it and while he was doing that figured out how to reproduce its Axial-Flow technology. And not only that, he figured out how to use that technology to make a combine in his welding shop that he could sell to his neighbors for less than they could buy a combine at the county Case I-H dealership. If he then decided to actually make that combine and sell it, no one would be surprised when Case took him to court for patent infringement” (<http://agpolicy.org/weekcol/234.html>).

But what if the circumstances were substantially different? In that January 2005 column, we posited the following situation: suppose “a farmer who for reasons of her own prefers to grow a heritage variety of open pollinated corn, while her neighbor grows the latest Bt variety of corn. After a couple of years, she begins to notice that she is having less trouble with corn borers and suspects that her heritage variety has become cross-pollinated with her neighbor’s GMO corn. She suspects that there is what is called the adventitious presence of the GMO genetics in her corn.” We asked our readers if her continued planting of this seed should be considered a case of patent infringement.

In our conclusion we wrote, “One of the most serious problems that has come about with the decision to allow for the patenting of life forms is the potential for the adventitious presence of patented genetic material in fields where it has been carried by the wind. In fact, in 2001, following the StarLink debacle, some seed companies had to pull seed because it had become adventitiously contaminated with their competitors’

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Originally published in *MidAmerica Farmer Grower*, Vol. 34, No. 24, June 14, 2013  
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patented genetic material.

“So far, patent protections have been granted to the researchers who heavily invest in developing new GMOs. This part of the patent regimen has been brought up to date. The problem is that the rules by which those patents are enforced are still stuck back in the nineteenth century when there was no such thing as the adventitious [replication] of a patented plow.”

It appears to us that by noting that the Bowman case is limited and does not address the self-replicating

nature issue, the Supreme Court is signaling that its decision might be different if the self-replicating nature of the product were the focus of a future case.

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