UNIVERSITY OF CALIFORNIA

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Legal Advisory

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SUMMARY

U.S. Supreme Court affirms the right of a patent owner to control self-replicating plant seed inventions.

If you have any questions regarding the issues raised by the *Bowman v. Monsanto* decision, please contact:

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U.S. SUPREME COURT UPHOLDS PATENT OWNER'S RIGHT TO CONTROL SELF-REPLICATING INVENTIONS

On May 13, 2013, the U.S. Supreme Court in *Bowman v. Monsanto* affirmed the doctrine of "patent exhaustion" as it applies to self-replicating plant seed inventions. Under the doctrine of patent exhaustion, the purchaser may use or resell an invention, but is not permitted to make copies of it. The Court found that a patent owner who sells a self-replicating seed invention to a purchaser does not exhaust its patent rights and can still control the "making" (*i.e.*, reproducing or copying) of the invention by any other party. The holding could have future significance for other self-replicating inventions, such as medical therapeutics and diagnostics; however, for now, the Court specifically limited its holding in *Bowman* to self-replicating seed inventions.

In 2007, Monsanto sued Vernon Bowman, a farmer who had planted a crop of second-generation Roundup Ready® seeds, for patent infringement. Bowman had planted soybean seeds sold as animal feed by a grain elevator that included second-generation Roundup Ready® seeds. Monsanto's limited-use licenses permitted purchasers to plant the seeds once to produce first-generation plants, but prohibited purchasers from planting second-generation seeds. The sale of second-generation seeds to grain elevators for animal feed was permitted.

The trial court and the Court of Appeals for the Federal Circuit (Federal Circuit) ruled in favor of Monsanto, reaffirming that "patent exhaustion" did not apply to Bowman's plantings. Bowman then appealed to the U.S. Supreme Court. In January 2013, the University of California, along with 21 other university community members, submitted an amicus brief to the Supreme Court endorsing the current law on patent exhaustion, and supporting the Federal Circuit's decision (as opposed to supporting either party).

In its unanimous decision in favor of Monsanto, the Supreme Court noted that under the current doctrine of patent exhaustion, the purchaser of a patented invention may use or resell the invention as the purchaser sees fit, but is not permitted to make (*i.e.,* reproduce or make new copies of) the invention. The Court held that the "exhaustion doctrine does not enable Bowman to make *additional* patented soybeans without Monsanto's permission (either express or implied)." The Court noted that a contrary ruling "would result in less incentive for innovation than Congress wanted." The Court limited its holding to the specific facts of the *Bowman* case and declined to extend its ruling to other self-replicating products.

The *Bowman* decision supports a patent owner's right to control a self-replicating plant seed invention, but leaves open whether the Court would rule more restrictively in the case of other self-replicating inventions. As a result, the decision does not address — but most importantly, does not undercut — the University's continued ability to bring other self-replicating inventions, such as medical therapeutics and diagnostics, to the marketplace. For now, the decision leaves protected the significant efforts made by University patent licensees in commercializing such University inventions.