

No. 11-796

IN THE

Supreme Court of the United States

VERNON HUGH BOWMAN,

Petitioner,

—v.—

MONSANTO COMPANY, ET AL.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**BRIEF FOR THE NEW YORK INTELLECTUAL PROPERTY
LAW ASSOCIATION AS *AMICUS CURIAE*
IN SUPPORT OF RESPONDENTS**

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INTEREST OF AMICUS CURIAE

The New York Intellectual Property Law Association (the “NYIPLA” or “Association”) respectfully submits this brief *amicus curiae* in support of Respondents Monsanto Company, *et al.* (separately and collectively “Monsanto”).¹

The arguments set forth in this brief *amicus curiae* were approved on January 17, 2013 by an absolute majority of the officers and members of the Board of Directors of the NYIPLA, including any officers or directors who did not vote for any reason, including recusal, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party in this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters which may be affected by the outcome of this litigation.

¹ The parties have consented to the filing of this brief. Pursuant to Sup. Ct. R. 37.6, the NYIPLA and its counsel represent that they have authored the entirety of this brief, and that no person or entity other than the Association or its counsel has made a monetary contribution to the preparation or submission of this brief.

The NYIPLA believes that this Court should affirm the judgment of the Court of Appeals for the Federal Circuit. The Association's three principal purposes for filing this brief amicus curiae are to ensure:

1. That the legal and economic objectives of Congress in enacting the contributory infringement statute in 1952, among which were the authorization of both non-staple tying and downstream recoveries of royalties or patent infringement damages from purchasers of non-staple components of patented products, are neither completely vitiated nor substantially undermined by unwarranted expansion of the common law equitable defense of exhaustion beyond the narrow holding of *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008) ("*Quanta*");

2. That the enormous economic efficiencies generated by the widespread employment of field-of-use restrictions in manufacturing and use licenses, as authoritatively endorsed by this Court in *General Talking Pictures Co. v. Western Electric Co.*, 304 U.S. 175, *modified on reh'g*, 305 U.S. 124 (1938) ("*GTP I*" and "*GTP II*"), are not unnecessarily restricted by extension of the narrow holding of *Quanta*. In particular to ensure that *Quanta* is not extended beyond its narrow contributory infringement application to

field-of-use restrictions such as the “second generation” seed replanting limitations in the label licenses when such applications were implicitly endorsed by this Court in *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124 (2001) (“*J.E.M.*”).

3. That the reasonable expectations of the biotechnology sector are not frustrated by any unwarranted alteration of the long-accepted view that the production of successive generations of biological materials, including “genetically modified” (“GM”) biological materials,² represent separate successive “makings” for purposes of the infringement analysis under 35 U.S.C. § 271(a).

The NYIPLA is a professional association of more than 1,300 attorneys whose interests and practices lie in the area of patent, trademark, trade secret and other intellectual property (“IP”) law. The Association is one of the largest regional IP bar associations in the United States. Members of the NYIPLA include in-house counsel serving businesses and other organizations that deal with IP rights in all technologies and disciplines, as well as attorneys in private practice who represent IP owners and their adversaries (most of which are also IP owners). The entities served by the Association’s members

² Occasionally these same materials may be referred to in literature as “genetically engineered” (“GE”) and as “genetically modified organisms” (“GMO”).

include inventors, venture capitalists, entrepreneurs, businesses, universities and industry and trade associations.

A substantial percentage of NYIPLA members participate actively in patent litigation. Patent litigators must keep continuously apprised of the effect of the antitrust, misuse, exhaustion and other equitable defenses upon the unenforceability or noninfringement of patents under all controlling precedents of this Court as interpreted by the federal appellate courts. Since its founding in 1922, the NYIPLA has been committed to maintaining the integrity of United States patent law and to the proper application of that law. Nowhere is the considered and rational application of patent law principles more important to the economy of the United States than at the interface between those principles and the principles of economic fairness embodied in the antitrust laws as well as in the misuse and other defenses which derive from the same equitable common law roots.

One area of this critical interface in which counseling vigilance has proved particularly important involves the contrast between the “field of use” restrictions, which were universally upheld by this Court at common law, and the “tying” of staple goods, which has been universally proscribed for over 95 years under *Motion Picture Patents Co. v. Universal Film Manufacturing Co.*, 243 U.S. 502 (1917) (“*Motion Picture Patents*” or “*MPP*”). At the very cusp of this critical juncture lies the principle of contributory infringement, which is sometimes characterized as “nonstaple tying.” The history and principles underlying contributory infringement are important to placing the *Quanta* decision in its

proper perspective. Although this Court had endorsed the doctrine of contributory infringement in *Leeds & Catlin* in 1909,³ it reversed course in 1944 by proscribing nonstaple tying as patent misuse and a Sherman Act violation in the *Mercoïd* cases.⁴ As this Court explained in *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980) (“*Dawson*”), the *Mercoïd* cases, in turn, were overruled by Congress when it enacted Sections 271(c) and 271(d)(1) through (3) as part the new codified patent law in 1952, 35 U.S.C. §§ 271(c) and 271(d)(1) through (3).

The Association has maintained a particularly strong interest in this area for many years and, as this Court recognized in *Dawson*,⁵ actually drafted the sections of the patent law designed to overrule the *Mercoïd* cases under the direction of Hon. Giles Sutherland Rich, its 28th President (1951-52). Judge Rich also was instrumental in the enactment of, and the preparation of a commentary on, the Patent Act of 1952 as embodied in Title 35 of the United States Code (hereinafter referred to in its current form as the “Patent Act”).⁶

³ *Leeds & Catlin Co. v. Victor Talking Mach. Co.*, 213 U.S. 325 (1909) (“*Leeds & Catlin*”).

⁴ *Mercoïd Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661 (1944) (“*Mercoïd I*”) and *Mercoïd Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680 (1944) (“*Mercoïd II*”).

⁵ *Dawson*, 448 U.S. at 204-05.

⁶ At the time of the drafting and testimony referred to in *Dawson*, The Association was known as the New York Patent Law Association (“NYPLA”).

SUMMARY OF THE ARGUMENT

Petitioner Vernon Hugh Bowman (“Bowman”) is an Indiana farmer who grows corn, wheat and soybeans. Pet. App. 21a. Beginning in 1999, Bowman began purchasing Monsanto’s patented GM Roundup Ready® soybean seeds (“RR seeds”) from Monsanto’s licensee, Pioneer Hi-Bred (“Pioneer”). Pet. App. 8a-9a. As a requirement of the purchase, Bowman, just like every other purchaser of RR seed from Monsanto or from licensed producers, signed a Technology Agreement (“TA”). Pet. App. 6a, 8a-9a; J.A. 27a. That TA was a “single use” license that explicitly bound the grower (a) not to replant any of the crop grown from the purchased seeds and (b) not to sell any of that crop for replanting. Pet. App. 7a; J.A. 27a.

Beginning also in 1999, Bowman purchased commodity soybean from a local grain elevator to use as seed for a late-season planting. Pet. App. 9a. Upon testing the fields planted with the commodity soybeans, Bowman determined that the majority of the seeds were resistant to glyphosate. Pet App. 9a. Bowman knew that no license for replanting second generation seed had been conveyed either to him or to any other TA licensee and, accordingly, that the local grain elevators had never been licensed to sell second generation seed for replanting.⁷ See Pet. App. 7a. Bowman’s planting of glyphosate resistant commodity seeds infringed Monsanto’s patents. Pet. App. 10a, 17a-18a.

⁷ Bowman understood that it would have been illegal for the grain elevator to sell him RR seeds for replanting. JA83a.

First, Bowman relies on *Quanta* as a defense to Monsanto's claim of patent infringement. But as discussed in Point I, *Quanta* does not apply here because this case does not implicate principles of contributory infringement and has nothing to do with the legal framework at issue in *Quanta*. It does not involve the sale of non-staple goods, which is the prerequisite for contributory infringement under both the common law and the Patent Act. Accordingly, this case does not implicate concerns over "tying" under which infringement suits against contributory infringers were proscribed in the *Mercoïd* cases. The second generation RR seed, which Bowman both sold and purchased at his local grain elevator, does not satisfy either the definition of "nonstaple" set forth in Sections 271(c) and 271(f)(2) of the Patent Act or the common law definition formulated by this Court in *Quanta* wherein the article sold must "sufficiently embod[y] the patent . . . such that its only and intended use is to be finished under the terms of the patent."⁸

Second, as discussed in Point II, this case is governed by the standard applied in *GTP II*, which determined that field-of-use restrictions in manufacturing and use licenses are enforceable. Indeed, the type of field-of-use restriction contained in the TA Bowman executed has been before this Court several times and has been upheld under common law equitable principles, misuse, and under the antitrust laws. See *Cotton-Tie Co. v. Simmons*, 106 U.S. 89 (1882) ("*Cotton-Tie*"); *J.E.M.*, 534 U.S. at 128. Moreover, a similar "single use" limitation was explicitly upheld by the Court of Appeals for the

⁸ 553 U.S. at 628.

Federal Circuit in *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992) (“*Mallinckrodt*”). The opinion of the unanimous Court in *Quanta* did not overrule or even question the Federal Circuit’s decision in *Mallinckrodt*.

Third, as discussed in Point III, the RR seed purchased by Bowman from the grain elevator to plant his second crop was never sold by Monsanto or Pioneer and, accordingly, Monsanto’s rights as to that seed were never subject to the exhaustion doctrine. Moreover, the use of “make” and “making” as well as “use” and “using” in 35 U.S.C. §§ 112, 154(a)(1) and 271(a) demonstrates that, in the case of replicable biological materials, such as RR seeds, a new “making” of a thing which did not exist before necessarily results as each new generation is created. The biotechnology sector has relied on this plain language and Supreme Court case law (and the PTO Rules) to form a reasonable expectation that subsequent generations of replicable biological material will remain subject to patent protection and has invested heavily in research and development based on that expectation. Acceptance by this Court of petitioner’s arguments would represent a revolutionary change in patent law and thwart the biotechnology sector’s expectations.

ARGUMENT

Point I.

The Exhaustion Doctrine Should Not Be Expanded Beyond *Quanta*

Bowman relies heavily on *Quanta* and seeks to expand its holding to the facts of this case. The issue

in *Quanta* involved the formalities of reasonable notice required to foreclose application of the common law doctrine of exhaustion to the sale of non-staple components of claimed systems and methods. It relied heavily on principles drawn from this Court’s common law contributory infringement jurisprudence. Bowman’s effort to extend *Quanta* conflicts with Congressional intent in altering and codifying this Court’s contributory infringement law in 1952. The development of the law of contributory infringement and the relationship between contributory infringement and the exhaustion doctrine is vital to a proper understanding of *Quanta*’s holding and why it does not apply here.

A. Background On Conditional Sales & Contributory Infringement

As this Court stated in *Dawson*,⁹ the “doctrines of contributory infringement and patent misuse have long and interrelated histories,” going “back at least as far as” *Motion Picture Patents*. The two principles had developed at common law, along with the inextricably intertwined “first sale” or “exhaustion” doctrine.

1. The Common Law First Sale Or Exhaustion Doctrine

The common law first sale or exhaustion doctrine represents merely an adjunct to other equitable defenses – a tool for determining what is and what is not within the legitimate scope of the patent holder’s

⁹ *Dawson*, 448 U.S. at 179-80.

right to exclude. The determination that the patentee's right to exclude has been exhausted by an authorized and unconditional sale or license represents nothing more than a necessary predicate for (1) establishing a defense of noninfringement arising from such a sale or license; (2) establishing the equitable defense of patent misuse or "extension" of the patent right; or (3) establishing defenses or affirmative claims arising from violations of the antitrust laws, such as price fixing or the patent leveraged tying of staple goods.

To establish the defense of noninfringement under an exhaustion or first sale doctrine, the infringement defendant must establish that the sale to it was both authorized and unconditional. *Bloomer v. McQewan*, 55 U.S. 539 (1852) ("*McQewan*"); *Bloomer v. Millinger*, 68 U.S. (1 Wall.) 340, 351 (1864) ("*Millinger*"); *Adams v. Burke*, 84 U.S. (17 Wall.) 453 (1873); *Keeler v. Standard Folding Bed Co.*, 157 U.S. 659, 666 (1895) ("*Keeler*"); *Bauer & Cie v. O'Donnell*, 229 U.S. 1, 12 (1913) ("*Bauer & Cie*"); and *Motion Picture Patents*.

2. "Conditional" Sales & Licenses At Common Law & Under The Sherman Act

In *Mitchell v. Hawley*, 83 U.S. 544 (1872), this Court upheld and enforced a temporal limitation on use set forth in a "license" contract governing the sale of a number of hat felting machines. By establishing that contractual limitations on the use of a patent were valid and enforceable, this holding essentially limited the rule set forth initially in *McQewan* and *Millinger* to authorized but "unconditional" sales.

In *Adams v. Burke*, 84 U.S. at 456-57 and n.2, this Court was careful to note that the exhaustion of patent rights was limited to situations where the putative use restriction was “implied” rather than explicit. Similarly, in *Keeler*, 157 U.S. at 661, a territorial assignee of patent rights in Boston had attempted to preclude resales in its assigned territory by a purchaser who had bought some of the patented folding beds in an authorized and unconditional sale made outside of the assigned territory. Although the resales in Boston were held noninfringing, the Court was careful to point out that the result would have been different if the purchaser had been “restrained by contract with the patentee.”

After the Sherman Act was enacted in 1890, this Court extended the rule of *Mitchell v. Hawley* beyond purchase agreements to licenses and held that:

[T]he rule is, with few exceptions, that ***any conditions which are not in their very nature illegal*** with regard to this kind of property, imposed by the patentee and agreed to by the licensee for the right to manufacture or use or sell the [patented] article, ***will be upheld by the courts.*** *Bement & Sons v. National Harrow Co.*, 186 U.S. 70, 91 (1902) (“*Bement*”) (emphasis supplied).

3. Contributory Infringement At Common Law & Under The Sherman Act

In *Dawson*, the Court cited *Wallace v. Holmes* as a “classic example” of contributory infringement drawn

from an “era of simpler and less subtle technology.”¹⁰ *Wallace v. Holmes*, 29 F. Cas. 74 (C.C. Conn. 1871) (Case No. 17,100), involved sales of an oil lamp burner assembly which was not itself patented, but which was nonstaple in the sense that it had been designed for operation only as a component of the patented lamp and was not suitable for any substantial noninfringing use. Purchasers of the burner assembly “would be certain to complete the combination, and hence the infringement, by adding the glass chimney.”¹¹

The contributory infringement principle subsequently was applied to the sale of nonstaple trolley car electrical connectors by the Court of Appeals for the Sixth Circuit in *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 F. 721 (6th Cir. 1896). It later was adopted by this Court in *Leeds & Catlin*, where it was applied to uphold an injunction prohibiting contributory infringement against suppliers of the discs employed in the patented phonograph disc and stylus system.¹²

In *Morgan Envelope Co. v. Albany Paper Co.*, 152 U.S. 425, 433 (1894), however, the Court refused to apply the concept of contributory infringement to staple or “perishable” articles “which it is the object of the [patented] mechanism to deliver.”¹³

In *Henry v. A.B. Dick Co.*, 224 U.S. 1 (1912) (“*A.B. Dick*”), the Court reached the opposite result. *A.B.*

¹⁰ 448 U.S. at 188.

¹¹ *Dawson*, 448 U.S. at 188, citing 29 F. Cas. at 80.

¹² See *Dawson*, 448 U.S. at 190.

¹³ *Morgan*, 152 U.S. at 433.

Dick was a suit for contributory infringement against a supplier of staple ink in which the Court sustained a label license tying restriction requiring the purchase of ink and other supplies from the manufacturer of a patented mimeograph machine. In an apparent effort to maximize market penetration of the patented machine, “the patentee sold its machines at cost, or less, and depended upon the profit realized from the sale of other non-patented articles adapted to be used with the machine.”¹⁴ The Court held that:

When the purchaser is sued for infringement . . . he may defend by pleading, not the general and unlimited license which is carried by an unconditional sale, but the limited license indicated by the metal tablet annexed to the machine. If the use is not one permitted, it is plainly an infringing use.¹⁵

For Justice Blackmun in *Dawson, Motion Picture Patents (“MPP”)* represented the “inevitable judicial reaction” to *A.B. Dick*.¹⁶ It also represented, in the eyes of the *Dawson* majority, the origins of the common law equitable defense of patent misuse. *MPP* involved a patented film feeder used in motion

¹⁴ *A.B. Dick*, 224 U.S. at 26.

¹⁵ *Id.* The Court went on to find that “the purchaser must have notice that he buys with only a qualified right of use. He has a right to assume, in the absence of knowledge, that the seller passes an unconditional title to the machine with no limitations upon the use. *Id.*”

¹⁶ *Dawson*, 448 U.S. at 191.

picture projectors which were sold with a label license purporting to limit use of the projectors to running a particular type of film. The Court ruled that the owner of a patent may not:

by notice attached to its machine, . . . in effect, extend the scope of its patent monopoly by restricting the use of it to materials necessary in its operation but which are not part of the patented invention . . .¹⁷

While *Quanta* notes that *MPP* “explicitly overruled *A.B. Dick*” (which had sanctioned a contributory infringement suit against a supplier of a staple commodity),¹⁸ it did not overrule *Leeds & Catlin* (which had sanctioned a suit for contributory infringement against a supplier of a nonstaple component of a patented combination). Indeed, the holding of *Leeds & Catlin* remained an important element of the common law of patent infringement until it was finally overruled in *Mercoïd I*.

4. The Mercoïd Cases

The two *Mercoïd* cases involved holdings of common law patent misuse and antitrust violation predicated upon virtually identical fact patterns. In *Mercoïd I*, the patent owned by Mid-Continent and licensed to Honeywell claimed furnace systems which employed a nonstaple combustion stoker switch or holdfire control component. Mercoïd attempted to compete with Honeywell in the sale of

¹⁷ *MPP*, 243 U.S. at 516.

¹⁸ *Id.* at 518.

the nonstaple stoker switches. After its request for a sublicense was refused, *Mercoïd* was sued for contributory infringement and interposed both a misuse defense and an antitrust counterclaim.

The district court ruled that the suit for contributory infringement was barred by the misuse doctrine, but disallowed antitrust damages. The Court of Appeals reversed, citing *Leeds & Catlin*. The Supreme Court reinstated the misuse defense, finding that the same treatment should be accorded to staple and nonstaple materials for the purpose of asserting the defense of misuse against charges of contributory infringement:

It is true that those [staple tying] cases involved the use of the patent for a machine or process to secure a partial monopoly in supplies consumed in its operation But we can see no difference in principle where the unpatented material or device is itself an integral part of the structure embodying the patent the limits of the patent are narrowly and strictly confined to the precise terms of the grant.¹⁹

The Court recognized that the *Leeds & Catlin* decision could not be harmonized with the result reached in *Mercoïd I* and necessarily should be

¹⁹ *Mercoïd I*, 320 U.S. at 665, citing *Ethyl Gasoline Corp. v. United States*, 309 U.S. 436 (1940) (“Ethyl”), and *United States v. Univis Lens Co.*, 316 U.S. 241 (1942) (“Univis”).

overruled – some 27 years after the rule of *A.B. Dick* likewise had been overruled in *MPP*.²⁰

Mercoïd II differed only in the patented combination and “did not add much to the breathtaking sweep of its companion decision.”²¹

5. The 1952 Congressional Enactment

In response to the *Mercoïd* cases and as part of the 1952 Patent Act, Congress enacted Section 271(c) to codify the remedy of contributory infringement in connection with the sale of nonstaple goods, and Section 271(d)(1)-(3) to overrule the *Mercoïd* cases:

No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following:

- (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent;
- (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent;

²⁰ *Id.* at 668.

²¹ *Dawson*, 448 at 197.

(3) sought to enforce his patent rights against infringement or contributory infringement[.]²²

As *Dawson* discusses at some length, the legislative history of the 1952 Patent Act makes clear that those sections were intended to implement a legislative compromise and overrule the two *Mercoid* cases, based upon the distinction between staple and nonstaple components. The enactment of Sections 271(c) and 271(d)(1)-(3) represented a Congressional determination that the sale of nonstaple article can be an act of patent infringement and that a patent holder may engage in certain defined conduct regarding nonstaple components.

This enactment also implicates the exhaustion doctrine. In *Dawson*, the infringement defendant had argued that the phrase “otherwise entitled to relief” in the preamble of Section 271(d) should be interpreted to preclude relief on the theory that the patent holder had “tied the sale of patent rights to the purchase of” the nonstaple product sold by the patentee.²³ The Court squarely rejected this argument because the activities of the patentee were all “given express statutory sanction” by the terms of Section 271(d). If the exhaustion doctrine could be invoked to bar a patentee from conduct explicitly authorized by the statute, the purpose of Congress in enacting the statute likewise would be completely frustrated. Since under Section 271(d) the patent holder is permitted to choose any “one or more” of the three numbered options, Congress clearly authorized

²² 35 U.S.C. § 271(d)

²³ *Dawson*, 448 U.S. at 187.

the recovery of royalties at multiple levels in the manufacturing chain and left the patent holder free to determine how best to allocate the costs of the productivity improvements claimed in its patents.

6. The Narrow Holding Of *Quanta*

Quanta was a case about the formalities of reasonable notice which must be satisfied in order to foreclose application of the common law doctrine of exhaustion to sales of non-staple components of claimed systems and methods. Under the facts of that case, the narrow holding of *Quanta* was that neither the provisions of a license from LG Electronics (“LGE”) to Intel authorizing the manufacture and sale of specialized microprocessor and chipset components, nor a separate “Master Agreement” requiring Intel to provide notices to purchasers that the patent owner had purported to reserve the right to sue direct infringers, were sufficient to prevent a finding that the patent owner’s rights to recover infringement damages had been exhausted upon sale as against the downstream purchaser who bought components from Intel and assembled the patented system.

In *Quanta*, as a “patent owner” under Section 271(d), LGE both “derived revenue” from and “licensed” Intel as it was entitled to do under subparagraphs (1) and (2), and “sought to enforce” its “patent rights against infringement” by *Quanta* as it was entitled to do under subparagraph (3). Arguably, if the notice requirement in the Master Agreement had been set forth in the manufacturing license from LGE to Intel, this Court might well have found that the exhaustion doctrine could not be

invoked to bar the suit for direct infringement against Quanta.

B. *Quanta* Should Not Be Expanded Beyond Its Facts

This Court should reject Bowman's invitation to extend the ruling of *Quanta* well beyond its present limits. As discussed above, what the patent owner attempted to do in *Quanta* was explicitly authorized by the 1952 codification of the Patent Act. Accordingly, the determination by this Court that a remedial statutory right could be lost by failure to adequately preclude application of a common law doctrine of which Congress was fully aware could only be justified by a determination that the notice to the downstream purchaser was somehow defective. That claim cannot be made here, and to impose any additional formal restrictions which further impede a patentee's right to sue for infringement would represent an unwarranted intrusion upon the Congressional prerogative under Article I of the Constitution.

Moreover, there are significant differences between the product sold in *Quanta* and the RR seeds in this case. In *Quanta*, the chipsets were nonstaple goods capable of only one use – a use that would practice LGE's patents. As a result of their limited use, if the patents were not exhausted and LGE could still assert them, then the chipsets would be useless to the purchaser without a use license

from LGE because it could not use them for any meaningful use.²⁴

However, in this case, the second or subsequent generation RR seeds are staple or commodity goods capable for multiple uses in addition to replanting. Many of those uses – such as animal and human food products, biodiesel production and industrial oil applications²⁵ – do not involve the creation of new infringing RR seeds. Because of the multiple uses, even if a farmer cannot use the progeny RR seeds for planting, the seeds still retain value in the other uses. Because of those other uses that do not involve making new patented RR seeds, there is no reason to find the patent rights associated with “making” to be exhausted.

C. Monsanto’s Licenses Comply With Both *Quanta* And The Dual-Licensing Model Of *Yarn Processing*

What is more, Monsanto’s licensing arrangements employ dual use and manufacturing licenses and necessarily would pass muster under the standards applied by *Quanta* even if they had involved the sale of nonstaple goods. Monsanto’s program conforms closely to that upheld in *In re Yarn Processing Patent*

²⁴ To establish common law exhaustion under *Quanta*, the component item must “sufficiently embod[y] the patent . . . such that its only and intended use is to be finished under the terms of the patent”.

²⁵ North Carolina Soybean Producers Ass’n, Inc. “How Soybeans Are Used” (available on-line at <http://www.ncsoy.org/ABOUT-SOYBEANS/Uses-of-Soybeans.aspx>, last accessed January 15, 2013).

Validity Litigation., 541 F.2d 1127 (5th Cir. 1976), *cert. denied*, 433 U.S. 910 (1977) (“*Yarn Processing*”).

1. Monsanto Avoided The Deficiencies Of
The *Quanta* Agreements

It is undisputed here that Monsanto has only authorized sales of its patented RR seed to growers who have already signed the TA use license. Pet. App. 6a-7a. Those TA “single use” licenses explicitly bind the grower (a) not to replant any of the crop grown from the purchased seeds and (b) not to sell any of that crop for replanting. Pet. App. 7a.

In *Quanta*, on the other hand, no bilateral restraints whatsoever were imposed upon the purchasers of Intel’s microprocessor and chipset components, and Intel’s only obligation under its Master Agreement was to inform the purchasers of its nonstaple components that LGE had purported to reserve its right to sue downstream purchasers for infringement of its system and method claims. Thus, unlike the manufacturing license from LGE to Intel, the provisions of Monsanto’s license to Pioneer effectively preclude application of the exhaustion doctrine based upon sales by Pioneer to TA signatories such as Bowman.

2. Monsanto’s Agreements Conform To
Yarn Processing

Monsanto’s TA also conforms to the model approved by the Fifth Circuit in *Yarn Processing*. In *Yarn Processing*, a number of use licensees sued Leeson, a manufacturer of textile machinery for a declaratory judgment of invalidity and for antitrust treble damages under Section 4 of the Clayton Act,

15 U.S.C. § 15. The antitrust allegations were predicated upon a number of manufacturing licenses that Leesona issued to its competitors under a number of method patents. Those licenses authorized Leesona's licensees to sell the machinery only to throwsters who agreed to execute a royalty-bearing use license.

When the licensees challenged the provisions in the manufacturing licenses, which prohibited sales to non-licensees, the Fifth Circuit upheld that aspect of the agreements:

There is no real question that under the terms of the machinery manufacturing licenses, the manufacturers were not allowed to sell to a throwster not licensed by Leesona. We fail to see how this is an illegal extension of the patent monopoly . . . Absent the restriction on sales to unlicensed throwsters, manufacturers who knowingly sold machinery to unlicensed throwsters would be liable for contributory infringement . . . It is well established that the patent monopoly ceases after the first sale of the patented article [citing *Univis*²⁶]. Thus the restrictions imposed upon purchasers of the patented article were quite properly viewed as illegal extensions of the patent monopoly. ***But in this case, if the patents are assumed to be valid, then the restrictions on sale were***

²⁶ *United States v. Univis Lens Co.*, 316 U.S. 241 (1942).

within the scope of the patent grant because they were applied to a manufacturing licensee and not to a purchaser of the patented articles, and because they did no more than to prevent contributory infringement by resale to unlicensed users.

541 F.2d at 1135 (emphasis supplied).

The Solicitor General (“SG”) explicitly endorsed this holding of *Yarn Processing* during one stage of the *McFarling* litigation discussed below. In *Monsanto Co. v. McFarling*, 363 F.3d 1336 (Fed. Cir. 2004) (“*McFarling II*”), the Federal Circuit rejected both the alleged affirmative antitrust claims and patent misuse defenses of another farmer who had executed the Monsanto TA and violated the “single use” restriction by replanting second generation RR seed. *McFarling* sought certiorari arguing to this Court that aspects of the *Yarn Processing* decision supported his allegations of misuse and antitrust violation. This Court entered an SVSG order and the SG subsequently filed a Brief For the United States As Amicus Curiae.

The SG opposed the granting of certiorari and disagreed with *McFarling*’s interpretation of *Yarn Processing*. The SG’s brief noted that in *Yarn Processing*,

The court, however, did not purport to invalidate *all* profit sharing between a patentee and its licensees, and expressly recognized that the patentee “had the right to license the use of the

machinery separately from its manufacture and sale”.

U.S. Br. 20, *McFarling v. Monsanto Co.*, 545 U.S. 1189 (May 27, 2005) (No. 04-31), *available at* 2005 WL 1277857. This Court denied McFarling’s request for certiorari.

The restrictions imposed by the TA in this case are substantially the same as those Monsanto used in *McFarling II*. Thus, like the limitations in *McFarling II* and *Yarn Processing*, the TA limitations must pass muster in this case.

Point II.

Bowman Violated Valid And Enforceable Field Of Use Restraints Of The Type Involved In *GTP II*, *Cotton-Tie, J.E.M., Mallinckrodt* And *McFarling II*

In light of the *General Talking Pictures* cases and the implications of *Cotton-Tie, J.E.M., Mallinckrodt* and *McFarling II*, the NYIPLA respectfully submits that the sale of a patented object subject to a simple label license containing the single use limitation would suffice to avoid exhaustion here. By requiring Pioneer to sell its patent-licensed GM RR seed only to growers who formally executed the TA use license,²⁷ Monsanto employed an abundance of caution well beyond that which was strictly necessary.

²⁷ Pet. App. 6a-7a.

**A. The Field Of Use Limitations Upheld In
*General Talking Pictures***

The *General Talking Pictures* decisions represent an endorsement by this Court of the cases exemplified by *Mitchell v. Hawley*, which have upheld otherwise lawful restrictions in manufacturing, use and label licenses against those who purchase with knowledge of such restrictions. In *GTP I*, a subsidiary of respondent AT&T had granted Transformer a nonexclusive license to manufacture and sell patented amplifiers under a label use license for non-commercial radio use only. Transformer nonetheless sold the amplifiers to General knowing that they were destined for commercial use in theaters.

This Court sustained the suit for infringement against the manufacturing-seller because “[b]y knowingly making the sales to [General] outside the scope of its license, [Transformer] infringed the patents embodied in the amplifiers”.²⁸ Suit against the purchaser was likewise sustained because “[General], having with knowledge of the facts bought at sales constituting infringement, did itself infringe the patents embodied in the amplifiers when it leased them for use as talking picture equipment in theaters”.²⁹ The same conclusions were reiterated on rehearing where the Court said:

As the restriction was legal and the amplifiers were made and sold outside the scope of the license, the effect is

²⁸ *GTP I*, 304 U.S. at 181-82.

²⁹ *Id.* at 182.

precisely the same as if no license whatsoever had been granted to Transformer . . . And as [General] knew the facts, it is in no better position than if it had manufactured the amplifiers itself without a license. It is liable [for infringement] because it has used the invention without license to do so.³⁰

B. Single Use Limitations Have Been Upheld Consistently Both By This Court And By The Court Of Appeals For The Federal Circuit

The temporal limitation at issue in *Mitchell v. Hawley* represents one type of use license restriction that has been upheld by this Court. The field-of-use limitation at issue in the *General Talking Pictures* cases represents another.³¹ A third variety, involving a “single use” limitation closely akin to that employed in the Monsanto TA use license, was first upheld by this Court in *Cotton-Tie*.

Cotton-Tie involved an infringement suit under patents directed to improved metallic ties for cotton bales comprising a buckle and a band. The assignee of the patents sold its ties with a label license on the buckle bearing the legend “Licensed to use once only.” The defendant purchased used buckles and the

³⁰ *GTP II*, 305 U.S. at 127.

³¹ Field of use restrictions were first upheld by this Court several years before *Mitchell v. Hawley* in *Providence Rubber Co. v. Goodyear*, 76 U.S. (9 Wall.) 788, 799-800 (1870). Such limitations have never been proscribed unless employed as part of cartel arrangements which facilitated market division and output restriction designed to stabilize pricing.

severed bands from cotton mills as scrap iron and constructed new ties from the scraps. The Court held that this practice could not be justified as repair and reversed the lower court's dismissal of the bill for infringement.

Another label license limitation was involved in *J.E.M.* There the Court considered a label license employed by Pioneer and pointed out that it contained the following limitations:

License is granted solely to produce grain and/or forage . . . [and] does not extend to the use of seed from such crop or the progeny thereof for propagation or seed multiplication . . . [and strictly prohibits] the use of such seed or the progeny thereof for propagation or seed multiplication or for production or development of a hybrid or different variety of seed.

534 U.S. at 128.

A similar "single-use" limitation was upheld in *Mallinckrodt*, where Judge Newman conducted an exhaustive review of this Court's cases and harmonized the controlling principles as follows:

Viewing the entire group of these early cases, it appears that the Court simply applied, to a variety of factual situations, the rule of contract law that a sale may be conditioned. *Adams v. Burke* and its kindred cases do not stand for the proposition that no restriction or condition may be placed upon the sale of a patented article . . . ***Unless the condition violates some***

other law or policy (in the patent field, notably the misuse or antitrust law, e.g., [Univis]), private parties retain the freedom to contract concerning conditions of sale . . . this is not a price-fixing or tying case, and the per se antitrust and misuse violations found in [the earlier cases] are not here present. The appropriate criterion is whether Mallinckrodt's restriction is reasonably within the patent grant, or whether the patentee has ventured beyond the patent grant and into behavior having an anticompetitive effect not justifiable under the rule of reason.

Mallinckrodt, 976 F.2d at 708 (emphasis supplied) (footnotes and additional citations omitted).

Judge Newman also ruled that the sale had not been “in the ordinary channels of trade”, but rather “the sale to the hospitals was the first sale and was with notice of the restriction” (*Id.* at 705). The single use limitation was prominently displayed on the packaging for the devices, and Judge Newman perceived support in “neither law, public policy nor logic” for distinguishing the case from the *General Talking Pictures* decisions based upon whether “the purchaser acquired the device from a manufacturing licensee or from a manufacturing patentee” (*Id.*). Invoking *GTE Sylvania*,³² Judge Newman reasoned that:

³² *Continental T.V., Inc. v. GTE Sylvania, Inc.*, 433 U.S. 36, 57-59 (1977).

The Court having disapproved reliance on formalistic distinctions of no economic consequence in antitrust analysis, we discern no reason to preserve formalistic distinctions of no economic consequence, simply because patented goods are involved.

Mallinckrodt, 976 F.2d at 705. Although *Mallinckrodt* was referred to during the oral argument in *Quanta* (Tr. 33-34, 45), the fact that it was not mentioned in the Court's unanimous opinion confirms it stands independent of the *Quanta* rule.

Quite understandably, Judge Newman's scholarly exegesis in *Mallinckrodt* has been cited and relied upon numerous times in later opinions of the Federal Circuit – most notably for purposes of this appeal in *McFarling II* as well as the biotechnology and medical device industries where single-use restrictions are prevalent.

Point III.

Each Successive Generation Of A Patented Self-Replicating Biological Material Is A Separate Actionable “Making” Under 35 U.S.C. § 271(a)

The creation of each subsequent generation of seeds by the purchaser is a new “making” within the meaning of 35 U.S.C. §§ 112, 154(a)(1) and 271(a) and is, therefore, an act of infringement. As a defense, Bowman argues that Monsanto's patent rights were exhausted. However, patent exhaustion does not apply here. An initial sale does not

extinguish the patentee's separate right to exclude others from planting progeny RR seed to make new patented RR seed.

A. The Patent Exhaustion Doctrine Does Not Apply Here

Under this Court's precedent, the authorized sale of a patented article without any conditions "exhausts the monopoly in that article and the patentee may not thereafter, by virtue of his patent, control the use or disposition of the article."³³ However, because "the purpose of the patent law is fulfilled with respect to any particular article when the patentee has received his reward for the use of his invention by the sale of the article,"³⁴ this Court has consistently referred to the relinquishment of patent rights only with respect to the particular article sold.³⁵ The purchaser of the patented article does not acquire any right to construct another machine, or to make additional generations of the patented product³⁶ because "the rights of ownership

³³ *Univis*, 316 U.S. at 250.

³⁴ *Id.*, at 251.

³⁵ See, e.g., *Quanta*, 553 U.S. at 625 ("the initial authorized sale of a patented item terminates all patent rights to **that item**") (emphasis supplied); *Univis*, 316 U.S. at 249 (exhaustion "with respect to the **article sold**") (emphasis supplied); *Mitchell*, 83 U.S. (16 Wall.) at 547 (after authorized sale patentee "ceases to have any interest whatever in **the patented machine so sold** and delivered") (emphasis supplied).

³⁶ *Mitchell*, 83 U.S. (16 Wall.) at 548; *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346 (1961) ("*Aro I*"). See also *Cotton-Tie*, 106 U.S. at, 93-94; *Wilson v. Simpson*, 50 U.S. (9 How.) 109,123-125 (1850).

do 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.”³⁷

Therefore, patent exhaustion would apply only to the article sold (the patented RR seeds sold by Monsanto or Pioneer under the TA), but not to the subsequent generation(s) of seeds covered by the patent that are grown from those first sold RR seeds. Any other conclusion would allow a purchaser to circumvent the TA restriction on replanting by selling second generation seed to a grain elevator and immediately repurchasing it along with the right to plant and harvest new crops.³⁸ As one commentator has noted, this is an absurd result: “Patented seed goes in at the top. When it comes out at the bottom, somehow, it is no longer protected by patents. A farmer could sell his crop to the grain elevator, and buy some of it right back, and patents would no longer apply.”³⁹

Bowman’s creation of new RR seeds by replanting is patent infringement. The petitioner’s conditional purchase⁴⁰ did not confer to him the right to make

³⁷ *Jazz Photo Corp. v. Int’l Trade Commission*, 264 F.3d 1094, 1102 (Fed. Cir. 2001).

³⁸ See Pet. App. 6a-7a.

³⁹ Zwahlen R (2012) Seed Patents: How Innovation May Get Lost in the Grain Elevator, June 28, 2012 (available online at: <http://www.biotech-now.org/public-policy/patently-biotech/2012/06/seed-patents-how-innovation-may-get-lost-in-the-grain-elevator>; accessed November 27, 2012).

⁴⁰ See J.A. 27a.

“an essentially new article on the template of the original.”

Federal Circuit law addressing patent rights to subsequent generations of biological materials such as seeds is consistent with this reasoning. In *Scruggs*,⁴¹ the Federal Circuit, relying on *McFarling II*, reasoned that because the second-generation seeds had never been sold to Scruggs, the notion of patent exhaustion could not apply. The *Scruggs* Court concluded that the fact that a patented technology can be used to create new second generation products itself does not give a purchaser the right to use replicated copies of the technology.

Exhaustion does not apply to progeny seed because those progeny seeds were not sold and licensed by Monsanto. That a patented technology can be used to create more of itself does not alone give a purchaser the right to make or use replicated copies of the technology. Nor does it exhaust a patentee’s rights over making subsequent generations of the technology.

B. Each Successive Generation Of A Self-Replicating Invention Represents A “Making”

The Patent Act confirms that the use of a patented product to make a subsequent generation is a making of a patented invention. Section 271(a) of Title 35 – which defines direct infringement – provides, in pertinent part, that, “whoever without authority *makes*, uses, . . . any patented invention,

⁴¹ *Monsanto Co. v. Scruggs*, 459 F.3d 1328 (Fed. Cir. 2006) (“*Scruggs*”).

within the United States . . . during the term of the patent therefor, infringes the patent.” (emphasis supplied). Similarly, Section 154(a)(1) – which defines the patent rights – gives the owner of a patent the right to exclude others from “*making*” the claimed invention. In exchange for the patent rights conferred by Sections 154 and 271, the inventor must satisfy, among other things, Section 112⁴² which requires, in relevant part, that a patent “contain a written description of the invention, and of the manner and process of *making* and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to *make* and use the same.” (emphasis supplied). Principles of statutory construction require that Sections 154, 271(a) and 112 be read together and that the term “make” and “making” be read the same way in each.⁴³ Under the enablement and written description requirements of 35 U.S.C. § 112, the “making” of a patented self-replicating invention includes subsequent generations of the patented technology. Thus, the act of self-replication by patented technology is itself a “making” under Sections 271(a) and 112 of Title 35.

⁴² See, e.g., *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 5 (1966); *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1345 (Fed. Cir. 2010); 53 Fed. Reg. 39420, 39427 (Oct. 6, 1988).

⁴³ See *Ratzlaf v. United States*, 510 U.S. 135, 143 (1994); *Gustafson v. Alloyd Co.*, 513 U.S. 561, 570 (1995); *Wisconsin Dep’t of Revenue v. William Wrigley, Jr. Co.*, 505 U.S. 214, 225 (1992).

The PTO recognizes this reality. Its Rules define “biological material” as including material capable of self-replication, including seeds. The PTO’s Rules allow inventors to satisfy Section 112 where a written description is not adequate to inform the public how to “make” the patented invention by depositing self-replicating organisms with a public depository. In such circumstances, the public availability of the biological material itself serves the statutory function of notifying the public how to “make” the biological material.⁴⁴ That is because the public learns how to “make” the material by purchasing a sample from the public depository, which then replicates itself. Because it is the act of replication of that deposit that informs the public how to “make” the patented material under § 112, the PTO recognized that self-replication itself was an act of “making.”

Moreover, The PTO rules also require that a deposit of self-replicating biological material must be viable at the time of deposit and has consistently

⁴⁴ See 37 C.F.R. §§ 1.801, 1.802, 1.809(a); Manual of Patent Examining Procedure (“MPEP”), §§ 2401, 2402, 2403, 2403.01, 2403.02, 2404, 2404.01, 2404.02, 2404.03, 2411, 2411.01 (Fifth Ed., Rev. 15, Aug. 1993); see *Enzo Biochem, Inc. v. Gen-Probe, Inc.*, 323 F.3d 956 (Fed. Cir. 2002) (“depositing biological material . . . to satisfy . . . §112, ¶1.”); see also 52 Fed. Reg. 34080 (Sept. 9, 1987) (“patent must contain a written description of the invention adequate to instruct a person skilled in the art to which the invention pertains how to make and use the invention. In certain instances . . . the written description . . . may not in itself be adequate to permit reproduction of the invention. In these cases, the written description must be supplemented by a deposit of the biological material which constitutes the invention”); accord 53 Fed. Reg. 39420 (Oct. 6, 1988); 54 Fed. Reg. 34864 (Aug. 22, 1989).

defined an acceptable depository for patent purposes as one that “[p]ossess[es] the staff and facilities sufficient to examine the viability of a deposit.”⁴⁵ In its rulemaking, the PTO stated:

The availability of the deposited biological material which is essential for making and/or using the subject matter claimed in the patent is a legitimate ground for concern on the part of the [PTO][.] . . . The viability of a deposit . . . is a requirement. . . . The viability test must conclude that the deposited biological material is capable of reproduction[.]⁴⁶

By these rules, the PTO has recognized that creating a successive generation of a self-replicating biological material is how one demonstrates “making . . . the subject matter claimed in the patent.”⁴⁷ Because Sections 112(a) and 271(a) both use the word “make,” each successive generation of a seed is also a “making” under 35 U.S.C. § 271(a).⁴⁸

⁴⁵ 37 C.F.R. § 1.803(a)(2)(iii); *see also* 37 C.F.R. § 1.807; MPEP, § 2405 (Fifth Ed., Rev. 15, Aug. 1993).

⁴⁶ 52 Fed. Reg. 34080 at 34082-34083 (Sept. 9, 1987).

⁴⁷ *Id.*

⁴⁸ The petitioner’s argument that planting of patented seed to generate new seed does not constitute a “making” of newly infringing seed is also technically incorrect. So too is the petitioner’s assertion that seeds will self-replicate without farmer assistance. At grades 2-4, school children are taught that plants require sunlight, water, nutrients, carbon dioxide and space to grow; and without water or air, *e.g.*, if unplanted, a seed will not grow. *See, e.g.*, Emery, P, “What Do Plants Need To Grow” (July 1993, for the California Foundation for

C. The Biotechnology Sector Reasonably Expects That Each Successive Generation Of A Patented Self-Replicating Biological Material Represents A Separate “Making” Under § 271(a)

From at least as early as 1873 with the grant of U.S. Patent No. 141,072 to Louis Pasteur, the biotechnology sector has invested in research and development with the understanding that its inventions were subject to full patent rights. In making the investment in that research, the industry did so expecting that the making of subsequent generations of patented materials is protected by patent rights. This expectation is grounded in § 271(a) (“[t]he patent statute grants the patentee the right to exclude others from making, using, or selling the patented subject matter. . . . Any of these activities during the patent term is an infringement of the patent right”⁴⁹), Supreme Court (*J.E.M. and Asgrow*,⁵⁰ as discussed below) and Federal Circuit precedent (“the rights of ownership do not include the right to construct an essentially new article on the template of the original, for the right to make the

Agriculture in the Classroom) (available online at www.cfaitc.org/lessonplans/pdf/401.pdf, last accessed January 2, 2013).

⁴⁹ *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1573 (Fed. Cir. 1996).

⁵⁰ *Asgrow Seed Co. v. Winterboer*, 518 U.S. 179 (1995) (“*Asgrow*”).

article remains with the patentee.”⁵¹) and the PTO Rules discussed above.

Case law reflects this expectation. For example, in *Intervet America Inc. v. Kee-Vet Labs, Inc.*,⁵² Intervet’s patent claimed a “live vaccine . . . comprising a live . . . virus belonging to the strain deposited at the ATCC⁵³ under No. VR-2041.” There was no dispute between the parties that the act of “making” a replica of the inventive virus that was on public deposit and using it to grow additional generations for use as a vaccine was an act of the infringement. Rather, the issue raised in *Intervet* was whether those later generation products met the claim limitations. The position taken by the parties in *Intervet* demonstrates the biotechnology sector’s acceptance and reasonable expectation that each successive generation of a patented self-replicating biological material is a separate “making” constituting an act of infringement under § 271(a).

If this Court were to adopt petitioner’s position, it would lead to absurd results. First, it would effectively authorize a party such as Kee-Vet to purchase Intervet’s patented “live vaccine” or acquire the virus No. VR-2041 from the ATCC, grow successive generations of the live virus therein, and sell vaccine from those successive generations of the live virus, contrary to the long-standing and well-founded expectations that such conduct is patent infringement. It also would be contrary to public

⁵¹ *E.g.*, *Jazz Photo Corp. v. Int’l Trade Comm’n*, 264 F.3d 1094, 1102 (Fed. Cir. 2001).

⁵² 887 F.2d 1050, 1052 (Fed. Cir. 1989).

⁵³ “ATCC” stands for the American Type Culture Collection.

policy to permit the deposit of biological material by the inventor and the purchase from the depository by a third party to exhaust the patent rights by permitting its use for growing successive generations of the virus for the production of a competing vaccine before the expiration of the patent. Indeed, if the act of depositing biological material necessary to inform the public how to “make” the patented invention resulted in the exhaustion of a patentee’s rights, it would undermine the *quid pro quo* underlying our patent system – a limited right to exclude in return for teaching the public how to make and use the invention – potentially causing inventors to forego patent rights and maintain the secrecy of their inventions.

Second, as set forth in the SG’s Brief (pages 13-15), such a decision would be inconsistent with this Court’s rulings in *J.E.M.* and *Asgrow* that utility patents bestow greater rights than PPVA and PVP Certificates.⁵⁴ As this Court previously recognized, “[b]ecause of the more stringent requirements, utility patent holders receive greater rights of exclusion than holders of” PVPA Certificates” as “there are no exemptions for research or saving seed under a utility patent.”⁵⁵

The biotechnology sector reasonably expects that the sale of biological material will not exhaust patent rights to second and subsequent generations of such materials. A ruling by this Court for petitioner that

⁵⁴ Pursuant to admonition against duplicative briefing of Rule 37.1, the NYIPLA will be relying on the SG’s Brief’s detailed discussion of those cases.

⁵⁵ *J.E.M.*, 534 U.S. at 143.

exhaustion does apply to second-generation seeds would represent a revolutionary and unnecessary change.⁵⁶

CONCLUSION

For the foregoing reasons, the Court should affirm the decision of the Federal Circuit.

Respectfully submitted,

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⁵⁶ The Court's discussion in *Quanta* of "making" the patented combination was premised upon its conclusion that only "standard finishing" separated the Intel microprocessors and chipsets from the claimed computer systems – a far cry from the "making" of an unauthorized crop from second generation seed which had never been sold or authorized for sale for planting purposes. To change the law as Bowman requests would, as the SG points out, extinguish all of Monsanto's patent rights predicated upon the sale of a single RR seed.

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