workman nydegger

Bowman v. Monsanto: U.S. Supreme Court Addresses Patent Exhaustion In The Context of Self-Replicating Technologies

May 30, 2013

On May 13, 2013, the Supreme Court issued its opinion in *Bowman v. Monsanto*. Monsanto is the owner of a patent covering genetically-modified "Roundup Ready" soybeans. The genetic modification allows a farmer to plant a soybean as a seed and then spray the resulting soybean plant with Monsanto's "Roundup" herbicide without affecting it. This allows farmers to kill weeds with Roundup without damaging their soybean crop. Monsanto sells Roundup Ready soybeans to be used as seeds, but only to farmers who agree not to use any of the resulting harvested soybeans as seed for later replanting and not to supply them to anyone else for that purpose. The harvested soybeans may, however, be sold for human consumption or for feed; soybeans sold for this purpose are known as "commodity soybeans." Monsanto requires this agreement because planting a Roundup Ready soybean naturally results in additional soybeans with the same traits. Without the agreement, farmers might buy seed only from Monsanto for a single crop and then use (or sell) some of the resulting soybeans as a source of seeds for successive generations of crops.

Bowman is a soybean farmer who purchased commodity soybeans intended for human or animal consumption but used them as seeds, anticipating that many of them would be Roundup Ready soybeans. He was correct. When he planted the commodity soybeans and sprayed the resulting plants with Roundup, most of the plants survived. He then used some of the soybeans produced by those plants as seed for successive generations of crops.

Monsanto sued Bowman for patent infringement, contending that he had "made" Monsanto's patented soybeans by planting the commodity soybeans, cultivating the resulting plants, and harvesting the resulting soybeans. Bowman defended on grounds that the farmers that had grown the commodity soybeans using Roundup Ready seeds had been authorized by Monsanto to sell them as commodity soybeans, that this authorized sale resulted in exhaustion of Monsanto's patent rights with respect to the commodity soybeans, that the exhaustion allowed an owner of the commodity soybeans to "use" and to "resell" them, and that planting the commodity soybeans was merely "using" the commodity soybeans in a way that soybeans are commonly used—as seed.

The Supreme Court concluded, however, that planting the commodity soybeans, cultivating the resulting plants, and harvesting the resulting soybeans was not merely a "use" of the commodity soybeans but was also a "making" of the new resulting soybeans. Because the doctrine of exhaustion only shields "use" and "resale" of a patented item but "leaves untouched the patentee's ability to prevent a buyer from making new copies of the patented item," the doctrine of exhaustion did not shield Bowman's actions. Otherwise, the Court reasoned, "Monsanto's patent would provide scant benefit." In response to Bowman's argument that "seeds are meant to be planted" and that he was merely "using" them "in the normal way farmers do," the Court countered on factual grounds. The Court noted that "the commodity soybeans he purchased were intended not for planting, but for consumption" so that "a non-replicating use of the commodity beans at issue here was not just available, but standard fare." And in response to Bowman's argument that it was nature—not him—that had done the "making," the Court once again answered factually. The Court explained: "Bowman was not a passive observer of his soybeans' multiplication; or put another way, the seeds he purchased…did not spontaneously create…successive

soybean crops.” Rather, he purchased the commodity soybeans, applied Roundup, and saved beans as seed. The next season, he planted those beans “at a chosen time; tended and treated them; and harvested many more seeds.” The Court observed: “In all this, the bean surely figured. But it was Bowman, and not the bean, who controlled the reproduction…of Monsanto’s patented invention.”

The Court ended by stating that it was addressing only the situation before it, not every situation involving “a self-replicating product.” The Court speculated that “[i]n 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.” The Court explained: “We need not address here whether or how the doctrine of patent exhaustion would apply in such circumstances.”

The full text of Justice Kagan’s opinion for the Court can be found at:

http://www.supremecourt.gov/opinions/12pdf/11-796_c07d.pdf