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Bowman v. Monsanto:

The Supreme Court Got It Right on the Law and the Science But Is the Unanimous Decision Belied by the Ultimate Paragraph?

By Thomas J. Kowalski[1] and Scott Howard[2]

Introduction

On May 13, 2013, the U.S. Supreme Court issued a unanimous decision in *Bowman v. Monsanto*.[3] With two dozen amicus briefs[4] and numerous media mentions, the case is of great interest to the bar and the general public. Indeed, the decision in *Bowman* has been hailed as a victory for the biotechnology industry.[5] The NYIPLA filed an amicus brief in support of Respondents Monsanto Co. *et al.*[6] There are many parallels between the Court's unanimous decision in favor of Monsanto and the NYIPLA brief. The NYIPLA argued that each successive generation of a patented self-replicating biological material is a separate actionable "making" under 35 U.S.C. § 271(a).[7] The Court likewise so held,[8] but with a caveat:

> Our holding today is limited—addressing the situation before us, rather than every one involving a self-replicating product. … 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.[9]

Despite this speculation-eliciting limitation[10] at the very end of a cogent, direct decision, the popular press is reporting *Bowman* as yet another unanimous Supreme Court decision.[11] Given the last paragraph and other language in the *Bowman* decision—and that the limitation in the *Bowman* decision's last paragraph may not necessarily be limited to computer software—does the *Bowman* decision signal that the U.S. Supreme Court will be divided when another exhaustion case involving a self-replicating product comes before it? While the answer to that question is necessarily "wait and see," in addition to comparisons and contrasts between the NYIPLA Brief and the *Bowman* decision, language in the *Bowman* decision may assist in interpreting and applying the limitation in its ultimate paragraph.

Some Aspects of How the Court Got it Right: Similarities Between the NYIPLA Brief and the *Bowman* Decision

The convergence of thought between the NYIPLA Brief and the *Bowman* decision—at least as to seeds—on the issue of each successive generation of a patented self-replicating biological material being a separate actionable "making" under 35 U.S.C. § 271(a) is also evident in the Court's now famous dismissal of Bowman's "seeds-are-special" argument:

> [W]e think that blame-the-bean defense tough to credit. Bowman was not a passive observer of his soybeans' multiplication; or put another way, the seeds he purchased … did not spontaneously create eight successive soybean crops.[12]

There also are other parallels between the NYIPLA Brief and the *Bowman* decision. For example, the NYIPLA Brief argued that Bowman violated valid and enforceable field-of-use restraints, citing, for example, *Cotton-Tie Co. v. Simmons*, 106 U.S. 89 (1882), and *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124 (2001).[13] The convergence of the NYIPLA Brief and the *Bowman* decision on the applicability of the *Cotton-Tie* and *J.E.M.* cases is evident from the Court's statements on these cases:

> Our holding today also follows from *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124 (2001). … Most notable here, we explained that only a patent holder (not a [Plant Variety Protection Act (PVPA)] certificate holder) could prohibit "[a] farmer who legally purchases and plants" a protected seed from saving harvested seed "for replanting." That statement is inconsistent with applying exhaustion to protect conduct like Bowman's.[14]
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> …
>
> … [I]t is really Bowman who is asking for an unprecedented exception—to … the "well settled" rule that "the exhaustion

> doctrine does not extend to the right to 'make' a new product." … [W]e have always drawn the boundaries of the exhaustion doctrine to exclude that activity, so that the patentee retains an undiminished right to prohibit others from making the thing his patent protects. See, *e.g., Cotton-Tie v. Simmons*, 106 U.S. 89, 93-94 (1882) (holding that a purchaser could not "use" the buckle from a patented cotton-bale tie to "make" a new tie).[15]

Indeed, just as the NYIPLA Brief asserted that exhaustion is "with respect to the article sold," citing *United States v. Univis Lens Co*., 316 U.S. 241, 249 (1942),[16] the *Bowman* decision, citing *Univis,* holds that the exhaustion "doctrine restricts a patentee's rights only as to the 'particular article' sold."[17]

Accordingly, a reading of the *Bowman* decision and the NYIPLA Brief shows a convergence of thought between the NYIPLA and the U.S. Supreme Court on issues of "making" and "using" under 35 U.S.C. § 271(a), and on the doctrine of patent exhaustion.

Invitations of the NYIPLA Brief Not Touched Upon in the *Bowman* Decision

The NYIPLA Brief argued that *Quanta Computer, Inc. v. LG Electronics, Inc*., 553 U.S. 617 (2008), should not be expanded, especially in the fashion sought by Petitioner Bowman.[18] In this context, the NYIPLA Brief paid particular attention to the propriety of use limitations, especially single-use limitations.[19]

In contrast, the *Bowman* decision states:

> Because Bowman thus reproduced Monsanto's patented invention, the exhaustion doctrine does not protect him.[3]

[3] This conclusion applies however Bowman acquired Roundup Ready seed: The doctrine of patent exhaustion no more protected Bowman's reproduction of the seed he purchased for his first crop (from a Monsanto-affiliated seed company) than the beans he bought for his second (from a grain elevator). The difference between the two purchases was that the first—but not the second—came with a license from Monsanto to plant the seed and then harvest and market one crop of beans. We do not here confront a case in which Monsanto (or an affiliated seed company) sold Roundup Ready to a farmer without an express license agreement. For reasons we explain below, we think that case unlikely to arise. See *infra*, at 1768. And in the event it did, the farmer might reasonably claim that the seed sale came with an implied license to plant and harvest one soybean crop.[20]

…

> [I]n the more ordinary case, when a farmer purchases Roundup Ready seed *qua* seed—that is, seed intended to grow a crop—he will be able to plant it. Monsanto, to be sure, conditions the farmer's ability to reproduce Roundup Ready; but it does not—could not realistically—preclude all planting. No sane farmer, after all, would buy the product without some ability to grow soybeans from it. And so Monsanto, predictably enough, sells Roundup Ready seed to farmers with a license to use it to make a crop. See *supra*, at 1764, 1767, n.3.[21]

Thus, rather than address explicitly limiting the holding of *Quanta* or that field-of-use, including single-field-of-use, restrictions are proper, the Court holds that Monsanto's field-of-use license upon the purchase of Roundup Ready soybeans is a non-issue. The farmer purchases patented seed for planting with the implied license that the seed is for "plant[ing] and harvest[ing] ***[only] one*** … crop."[22]

Accordingly, it will have to wait until another day, when another case comes before the U.S. Supreme Court, before *Quanta* is indeed limited so as to be consistent with other U.S. Supreme Court decisions, as discussed in the NYIPLA Brief.

What to Make of the Last Paragraph Limitation in the *Bowman* Decision

In the last paragraph, Justice Kagan provides a clue as to which products may fall outside of the decision. In the case of a self-replicating product whose "self-replication might occur outside the purchaser's control" or as "a necessary but incidental step in using the item for another purpose," she cites 17 U.S.C. § 177(a)(1) and an abridged quote therefrom:

> [I]t is not [a copyright] infringement for the owner of a copy of a computer program to make … another copy or adaptation of that computer program provide[d] that such a new copy or adaptation is created as an essential step in the utilization of the computer program.[24]

Among the multitude of amicus briefs, the Brief of BSA | The Software Alliance As *Amicus Curiae* In Support of Respondents[25] stands out as a possible stimulus for the last paragraph limitation in the *Bowman* decision. The Software Alliance Brief argued:

> Computer software, whose use often involves the creation of temporary additional copies of the software program, could be characterized as "self-replicating[]" ….[26]

Perhaps the *Bowman* Last Paragraph Limitation means that the Court disagrees with the Software Alliance Brief's argument that "There Is No 'Self-Replicating Technology' Exception To The Standards Governing Patent Exhaustion"[27] because the Court did not want to broaden patent exhaustion beyond the infringement exception recognized for software under copyright law pursuant to 17 U.S.C. § 117(a)(1). Or perhaps, with respect to the Software Alliance Brief's argument that "Any Exception To Conventional Exhaustion Standards For Self-Replicating Seeds Should Not Extend To Other Contexts, Such As Computer Software,"[28] the Supreme Court did ***not*** accept the premise that "Conventional Exhaustion Standards For Self-Replicating Seeds … Extend[ed] To … Computer Software" in view of 17 U.S.C. § 117(a)(1).

But narrowly analyzing the *Bowman* Last Paragraph Limitation as responsive to the Software Alliance Brief or as limited to software by 17 U.S.C. § 117(a)(1) seems too simple, and ignores other text in the decision that tends to indicate that the Court is applying the law to the specific facts of the case and that the *Bowman* Last Paragraph Limitation is not necessarily so limited. For instance, the *Bowman* Last Paragraph Limitation is provided with the explicit "recogni[tion] that such inventions [involving a self-replicating product] are becoming ever more prevalent, complex, and diverse."[29] Language earlier in the decision buttresses the holding in *Bowman* on the facts that "a non-replicating use of the commodity beans at issue here was not just available, but standard fare"[30] and "Bowman was not a passive observer of his soybeans' multiplication; … the seeds … did not spontaneously create … successive soybean crops."[31] These statements in the *Bowman* decision may shed light on how the *Bowman* Last Paragraph Limitation may be applied beyond software. Accordingly, future application of the *Bowman* Last Paragraph Limitation may ***not*** turn on the nature of the self-replicating product or whether upholding the patent monopoly will stifle innovation,[32] but rather on whether there are non-replicating uses of the product, and whether the alleged infringer was a passive observer of the product's replication (or an active participant in the product's replication, as was Bowman), and whether the replication is within the alleged infringer's control or whether the replication is a necessary but incidental step in using the product for a purpose that may not be patent infringement—*i.e.*, on the nature of replicating versus non-replicating uses of the product and the nature of the alleged infringer's conduct.

Beyond how the *Bowman* Last Paragraph Limitation may be applied to products other than software, a further question arises from the *Bowman* decision language setting the holding in the context of certain facts and the *Bowman* Last Paragraph Limitation explicitly "recogniz[ing] that such inventions [involving a self-replicating product] are becoming ever more prevalent, complex, and diverse"[33]—namely, does the language of the *Bowman* Last Paragraph Limitation evince a Court that will be divided when another exhaustion case involving a self-replicating product comes before it?

For now, the NYIPLA must wait and see what the next exhaustion case involving a self-replicating product to come before the U.S. Supreme Court is, and if it is a case—as was *Bowman*—warranting a truly helpful amicus brief from the NYIPLA.[34]

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(Endnotes)

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[3] *Bowman v. Monsanto Co.*, 133 S.Ct. 1761 (2013).

[4] *See* Amicus curiae briefs filed by the United States; Knowledge Ecology International; Automotive Aftermarket Industry Association, *et al.*; American Antitrust Institute, *et al.*; Public Patent Foundation; Center for Food Safety and Save Our Seeds; BayhDole25, Inc.; Intellectual Property Owners Association; The New York Intellectual Property Law Association; CropLife America; BSA | The Software Alliance; American Seed Trade Association; Washington Legal Foundation; Biotechnology Industry Organization; CropLife International; American Intellectual Property Law Association; Econo–mists; law professor Christopher

M. Holman; CHS Inc.; Agilent Technologies, Inc., *et al.*; Wisconsin Alumni Research Foundation, *et al.*; American Soybean Association, *et al.*; and Pioneer Hi-Bred International, Inc. (available at http://www.scotusblog.com/case-files/cases/bowman-v-monsanto-co/).

[5] *See, e.g.*, Dutra & Aquino, BNA Bloomberg, Life Sciences Law & Industry Report, "Supreme Court's Patent Ruling in Bowman Is 'Big Win' for Life Sciences, Attorneys Say," May 17, 2013 (available at http://www.vedderprice.com/files/Uploads/Documents/PDFArtic.pdf); Kowalski, "Supreme Court Sides with Monsanto on Issue of Patent Protection for Genetically Modified Seeds; Ruling Is a Major Victory for the Biotechnology Industry," May 13, 2013 Newsletter/Bulletin (available at http://www.vedderprice.com/Supreme-Court-Sides-with-Monsanto-on-Issue-of-Patent-Protection-for-Genetically-Modified-Seeds-Ruling-Is-a-Major-Victory-for-the-Biotechnology-Industry-2013-05-13/).

[6] Brief For The New York Intellectual Property Law Associa–tion As *Amicus Curiae* In Support of Respondents (the "NYIPLA Brief") (available at http://www.scotusblog.com/case-files/cases/bowman-v-monsanto-co/ and http://www.nyipla.org/nyipla/AmicusBriefsNews.asp?SnID=560354737).

[7] *See* NYIPLA Brief at 29 *et seq*.

[8] *See* 133 S.Ct. at 1766-67 ("the exhaustion doctrine does not enable Bowman to make *additional* patented soybeans without Monsanto's permission. … And that is precisely what Bowman did. He … planted [the grain elevator soybeans] in his fields … and finally harvested more (many more) beans than he started with. That is how 'to "make" a new product' … 'make' means …'plant and raise (a crop).'") (Emphasis in original; certain quotes and citations omitted).

[9] 133 S.Ct. at 1769 (citation omitted). *See also id*. ("In the case at hand, Bowman planted Monsanto's patented soybeans solely to make and market replicas of them, thus depriving the company of the reward patent law provides for the sale of each article. Patent exhaustion provides no haven for that conduct.").

[10] *See, e.g.*, Dutra & Aquino, *supra* note 5 (*e.g.*, "Justice Kagan's comment simply means that she is uncomfortable with making a blanket statement with respect to self-replicating technology. … Bowman, not the soybean, was the infringer … patent exhaustion applies to the original article only and not a copy.").

[11] *See, e.g.,* Wolf, "Supreme Court acting serene with unanimous rulings," USA TODAY, 13 May 2013, (available at http://www.usatoday.com/story/news/politics/2013/05/13/supreme-court-unanimous-decisions/2156595/). Contrast the unanimity of the U.S. Supreme Court in *Bowman* with the appearance of discord at the Federal Circuit in view of the multitude of opinions issued by the Federal Circuit on Friday, May 10, 2013, in *CLS Bank Int'l v. Alice Corp.*, Case No. 2011-1301 (Fed. Cir.) (*en banc*); *see, e.g.*, Moreno, "When Judges Collide: *En Banc* CAFC Fails to Clarify Law Regarding Patent Subject Matter Eligibility" (available at http://www.vedderprice.com/when-judges-collide-en-banc-cafc-fails-to-clarify-law-regarding-patent-subject-matter-eligibility/); Crouch, "CLS Bank v. Alice Corp: Court Finds Many Software Patents Ineligible," Patently-O, May 10, 2013 (available at http://www.patentlyo.com/patent/2013/05/cls-bank-v-alice-corp-court-finds-many-software-patents-ineligible.html).

[12] 133 S.Ct. at 1769. This dismissal of Bowman's arguments shows that the Court understood—or "got it right on"—the technology. *Compare* NYIPLA Brief at 35-36 n.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 Grown [sic] (July 1993, for the California Foundation for Agriculture in the Classroom) (available online at www.cfaitc.org/lessonplans/pdf/401.pdf, last accessed January 2, 2013).

[13] NYIPLA Brief at 24 *et seq*.; *see also id.* at 30, 38.

[14] 133 S.Ct. at 1767 (citation omitted).

[15] *Id.* at 1768.

[16] NYIPLA Brief at 30 n.35.

[17] 133 S.Ct. at 1766. *Compare* 133 S.Ct. at 1766 ("'[T]he purchaser of the [patented] machine … does not acquire any right to construct another machine,'" citing *Mitchell v. Hawley*, 16 Wall. 544, 548 (1873), and "'a second creation' of the patented item 'call[s] the monopoly, conferred by the patent grant, into play for a second time,'" citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346 (1961), with NYIPLA Brief at 30 ("The purchaser of the patented article does not acquire any right to construct another machine, or to make additional generations of the patented product" with citations to *Mitchell* and *Aro* in fn. 36 appended thereto).

[18] *See, e.g.*, NYIPLA Brief at 19.

[19] *See, e.g.*, NYIPLA Brief at 25-28.

[20] 133 S.Ct. at 1767.

[21] *Id.* at 1768.

[22] *Id.* at 1767 n.3 (emphasis added). This also follows from, "[n]o sane farmer … would buy the product without some ability to grow soybeans from it." *Id.* at 1768.

[23] *Id.* at 1769 ("We need not address here whether or how the doctrine of patent exhaustion would apply in such circumstances") (herein referred to as "the *Bowman* Last Paragraph Limitation").

[24] 133 S.Ct. at 1769.

[25] Herein the "Software Alliance Brief" (available at http://www.scotusblog.com/case-files/cases/bowman-v-monsanto-co/).

[26] Software Alliance Brief at 2.

[27] *Id.* at 10.

[28] *Id.* at 13.

[29] 133 S.Ct. at 1769.

[30] *Id.* at 1768.

[31] *Id.* at 1769.

[32] *Compare* Dutra, "Unanimous Supreme Court Says No Patent Exhaustion for Monsanto Roundup Seeds," BNA Bloomberg Patent, Trademark & Copyright Law Daily, May 14, 2013 ("… vaccines, genetically altered cell lines, genetically altered bacteria, DNA plasmids and vectors, genetically modified viruses, and computer software [are] other examples of self-replicating technology. … [T]he court explicitly limited its decision to the facts of this case. … [T]he court's language … 'suggested that the court can and might apply an exclusion of the exhaustion doctrine to other self-replicating technologies on a case by case basis depending on whether it believes application of the doctrine would stifle innovation.'") (available at http://www.bna.com/unanimous-supreme-court-n17179874022/).

[33] 133 S.Ct. at 1769.

[34] Members of the NYIPLA are encouraged to participate in the NYIPLA Amicus Briefs Committee (information available at http://www.nyipla.org/nyipla/AmicusBriefs.asp).