

No. 11-796

IN THE
Supreme Court of the United States

VERNON HUGH BOWMAN,

Petitioner,

v.

MONSANTO COMPANY and
MONSANTO TECHNOLOGY LLC,

Respondents.

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

SUPPLEMENTAL BRIEF

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QUESTION PRESENTED

Whether the Federal Circuit erred by (1) refusing to find patent exhaustion in patented seeds sold in an authorized sale and by (2) creating an exception to the doctrine of patent exhaustion for self-replicating technologies?

I. By Affirming the District Court’s Judgment, the Court of Appeals Necessarily Relied on the Conditional Sale Doctrine as Articulated in Its Prior Seed Cases, *McFarling* and *Scruggs*

The Government concludes that “[t]he decision below did not rest in any part on the presence (or absence) of post-sale restrictions imposed by respondent” and that “[t]his case therefore provides no occasion for the Court to consider the continuing validity of the Federal Circuit’s conditional-sale approach to exhaustion after *Quanta*.” U.S. Amicus Br. 11-12.¹ The Government is incorrect on both accounts. The judgment affirmed by the Federal Circuit was based on Bowman’s allegedly “unlicensed use” of the commodity soybeans he purchased on the open market from a grain elevator, not the sale or purported “making” of progeny seeds. Pet. App. at 41a-42a.

As the district court explained, Monsanto “provided an expert assessment of * * * an amount of damages it is

1. Where “conditional-sale approach” refers to a rule articulated by the Federal Circuit in *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992) and “*Quanta*” refers to this Court’s most recent articulation of the law pertaining to patent exhaustion, *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617 (2008).

entitled to receive for the second season crops *planted* by Bowman for which he *used*, without license, soybeans which carried the Roundup Ready® trait.” *Id.* at 42a (emphasis added). In rejecting Bowman’s exhaustion defense, the district court reasoned that “[t]he distinction found by the Federal Circuit in [*Monsanto Co. v. McFarling*], 302 F.3d 1291 (Fed. Cir. 2002)], and which exists here as well, is that the Monsanto licenses (and the agreements its licensees required from farmers) for Roundup Ready® soybeans specifically excluded saving seed or otherwise providing anyone progeny soybeans for purposes of planting.” *Id.* at 41a. Relying on this distinction, the district court held that “[n]o unconditional sale of the Roundup Ready® trait occurred because the farmers could not convey to the grain dealers what they did not possess themselves.” *Ibid.* (emphasis added).

Contrary to the Government’s position, the Federal Circuit necessarily agreed with the district court’s reasoning that a conditional sale precluded application of Bowman’s exhaustion defense. This is so because the Federal Circuit refused to find Monsanto’s patent rights exhausted with respect to the seeds Bowman purchased from the grain elevator. Pet. App. 14a (explaining “[t]he doctrine of patent exhaustion did not bar the infringement claims in *McFarling* or [*Monsanto Co. v. Scruggs*], 459 F.3d 1328 (Fed. Cir. 2006)]” and “[s]imilarly, here, patent exhaustion does not bar an infringement action”).

Had the Federal Circuit concluded (as it should have) that Monsanto’s patent rights to seeds sold by the grain elevator were exhausted, it would have been required to vacate the judgment and remand for review of the damages award based on the number of infringing units

Bowman allegedly “made” by planting. Instead, the Federal Circuit affirmed the judgment, which was based on acres *planted*. Pet. App. at 42a. As any Indiana farmer will confirm (especially one living through the current drought), acres of commodity soybeans planted as a risky second crop late in the growing season may not produce *any* progeny. Accordingly, the judgment cannot be sustained by the Federal Circuit’s alternative reasoning (i.e., “[e]ven if Monsanto’s patent rights in the commodity seeds are exhausted, such a conclusion would be of no consequence because once a grower, like Bowman, plants the commodity seeds * * * the grower has created a newly infringing article” (Pet. App. 14a)), because the evidence required to sustain a judgment based on acres *planted* is not the same evidence required to sustain a judgment based on the quantity of seeds allegedly *made*. The only rationale articulated by the Federal Circuit sufficient to affirm the judgment is the conditional sale rationale, and as the Government concedes, that rationale “does conflict with this Court’s patent-exhaustion decisions.” U.S. Amicus Br. 6.

Because the judgment is based on the conditional sale rationale, this case is an appropriate vehicle through which the Court may resolve uncertainty created by the Federal Circuit’s continued reliance on the *Mallinckrodt* line of cases. The Government attempts to minimize the tension created by this conflicting body of Federal Circuit law, arguing that “[i]t is not clear * * * whether the Federal Circuit will continue to adhere to the *Mallinckrodt* line of cases after *Quanta*.” *Id.* at 11. But the Federal Circuit’s *en banc* decision in *Princo Corp. v. Int’l Trade Comm’n*, 616 F.3d 1318 (Fed. Cir. 2010), does just that, citing *Mallinckrodt* and *B. Braun Medical, Inc. v. Abbott*

Laboratories, 124 F.3d 1419 (Fed. Cir. 1997) for the proposition that “[a]s a general matter, the *unconditional sale* of a patented device exhausts the patentee’s right to control the purchaser’s use of the device” and “[t]hat [the] ‘exhaustion’ doctrine *does not apply*, however, to a conditional sale or license.” *Princo*, 616 F.3d at 1328 (emphasis added). If the Federal Circuit intended to take the position that *Quanta* overruled *Mallinckrodt sub silentio*, see, e.g., *Static Control Components, Inc. v. Lexmark Int’l, Inc.*, 615 F. Supp. 2d 575, 585 (E.D. Ky. 2009), a majority of Federal Circuit judges in *Princo* would not have made such a clear endorsement of the conditional sale approach to exhaustion. Uncertainty concerning the Federal Circuit’s conditional sale doctrine abounds following *Quanta*. A need exists for this Court to clarify whether *Mallinckrodt* is good law. This case presents an opportunity for important clarification.

II. The Government’s Position that Use for Planting is also “Making” is Unsupported by the Statute and Inconsistent with this Court’s Precedent Defining “Repair” and “Reconstruction”

The Government concedes that “planting soybean seed in order to produce a new crop is naturally described as ‘using’ the seed that was planted.” U.S. Amicus Br. 14. Bowman took ownership of the commodity soybean seeds in an authorized sale. Pet. App. 8a (explaining that “the only permissible reading of the Technology Agreement * * * is that it authorizes growers to sell seed to grain elevators as a commodity”). Thus, Bowman’s *use* of commodity soybean seeds for planting is beyond the reach of Monsanto’s patent monopoly—any attempt by Monsanto to retain rights under the patent to exclude

use is inconsistent with the doctrine of patent exhaustion as articulated by this Court for over 150 years. This is because an authorized sale “carries with it the right to the use of that machine *to the full extent to which it can be used.*” *Adams v. Burke*, 84 U.S. (17 Wall.) 453, 455 (1873) (emphasis added); *see also United States v. Univis Lens Co.*, 316 U.S. 241, 250 (1942).

The Government does not appear to dispute that Monsanto’s patent rights were exhausted in the commodity seeds sold to Bowman. U.S. Amicus Br. 18. Notwithstanding the fact of patent exhaustion, the Government asserts that “infringement may still occur if the purchaser ‘uses’ the sold article to ‘make’ a newly infringing one.” U.S. Amicus Br. 14. The Government’s “use-to-make” argument finds no support in the law and it eliminates the doctrine of patent exhaustion for self-replicating technologies because, according to this new concept, the patentee retains rights under the patent to exclude certain kinds of uses, exacting an abhorrent servitude on these items of personal property as they meander through streams of commerce.

As support for this novel “use-to-make” argument, the Government cites cases from this Court dealing with “repair” and “reconstruction.” U.S. Amicus Br. 13-14 (citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (“*Aro I*”); *American Cotton-Tie Co. v. Simmons*, 106 U.S. 89 (1882); and *Wilson v. Simpson*, 50 U.S. (9 How.) 109 (1850)). These cases, however, are not germane to the use of patented seeds. In the context of patented seeds, use as contemplated by all parties to the first sale (throughout the entire useful life of the seed) may simply *result in* the creation of a new item. In the “repair”

and “reconstruction” cases relied on by the Government, infringement was found only where the article had become worn or destroyed; where use by the owner in a manner contemplated by the parties to the first sale was no longer possible.

In both *Wilson* and *Aro I*, the defendants made permissible “repair” to an item, replacing parts that wore out before the useful life of the product ended. *Wilson*, 50 U.S. at 124-26 (finding that replacing cutting knives on a machine used for planing, tonguing, and grooving was permissible “repair”); *Aro I*, 365 U.S. at 346 (finding that replaced fabric on a convertible top for an automobile was permissible “repair”). The line separating permissible “repair” from impermissible “reconstruction” was drawn in *Wilson*, where this Court explained that “[w]hen the wearing or injury is partial, then repair is restoration, and not reconstruction.” 50 U.S. at 123.

In *American Cotton-Tie*, the defendants impermissibly reconstructed patented cotton baling ties made from an iron buckle and a band, where the bands had been voluntarily severed at the cotton mill and sold as scrap iron. 106 U.S. at 91-94. Defendants infringed because they took the severed bands, refurbished them by riveting them back together, and combined them with a buckle to make an infringing cotton tie that included all elements of the patent claim. The Court reasoned:

[w]hat the defendants did in piecing together the pieces of the old band was not a repair of the band or the tie, in any proper sense. The band was voluntarily severed by the consumer at the cotton-mill because the tie had performed

its function of confining the bale of cotton in its transit from the plantation or the press to the mill. *Its capacity for use as a tie was voluntarily destroyed.*

Id. at 94 (emphasis added).

Bowman's use of commodity soybean seed for planting has nothing in common with "reconstruction." The seed was not worn out and substantially replaced; it was simply used in the same condition it was in at the point of sale.

Monsanto's attempt to prohibit use of commodity seed for planting is inconsistent with the policy underlying this Court's case law dealing with repair and reconstruction. "This Court's decisions specifically dealing with whether the replacement of an unpatented part, in a patented combination, that has worn out, been broken or otherwise spent * * * have steadfastly refused to extend the patent monopoly beyond the terms of the grant." *Aro I*, 365 U.S. at 342 (citing *Wilson*, 50 U.S. at 109). "The established policy in this Nation for more than a century has been that when an article described in a patent is sold and 'passes to the hands of the purchaser, it is no longer within the limits of the monopoly. It passes outside of it, and is no longer under the protection of the act of congress ... Contracts in relation to it are regulated by the laws of the State, and are subject to state jurisdiction.'" *Id.* at 359 (Black, J., concurring) (quoting *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539, 549-50 (1853)). Thus, even if one accepts as true the Government's position that use of commodity soybeans for planting is also "making" (U.S. Amicus Br. 14), Monsanto cannot use patent law to prohibit this activity because the seed "is no longer under the protection of the [patent] act." *Ibid.*

The Government advances an expansive definition of “make” in order to capture Bowman’s use of commodity soybean seeds for planting. U.S. Amicus Br. 15. Citing *Webster’s Third New International Dictionary* 1363 (1993), the Government concludes that the verb “make” as used in the Patent Act should mean “to bring about,” “to cause to happen,” or “to cause to exist.” U.S. Amicus Br. 15. The Government’s proffered definition for “make,” however, is inconsistent with use of that word in 35 U.S.C. § 271(a).

The Patent Act does not define the term “make,” but it does separate direct infringement in § 271(a) from active inducement and contributory infringement in §§ 271(b) and (c). Both forms of “indirect infringement,” §§ 271(b) and (c), hold liable those who contribute to or encourage the direct infringement of others, either by supplying components with knowledge that the same will be used in an infringing combination, or by inducing the direct infringement of another with knowledge that the induced acts constitute patent infringement. *Global-Tech Appliances, Inc. v. SEB S.A.*, --- U.S. ---, 131 S. Ct. 2060, 2066 (2011). The Government’s expansive definition of “make” would encompass *both* forms of indirect infringement, as each form of indirect infringement has a causal connection to the creation of an infringing combination.

The Government’s expansive dictionary definition for “make” is too broad when considered in proper statutory context. If it was adopted, there would be no such thing as indirect infringement; anyone who has “caused to exist” the infringing combination would be liable as a direct infringer. As this Court recently explained, “[a] word in a statute may or may not extend to the outer limits of

its definitional possibilities. Interpretation of a word or phrase depends upon reading the whole statutory text, considering the purpose and context of the statute.” *Dolan v. United States Postal Serv.*, 546 U.S. 481, 486 (2006) (applying a more narrow reading of the phrase “negligent transmission” based on use of the phrase in the context of the statute). Moreover, in the context of interpreting the Patent Act, this Court has frequently refused the position of a litigant who would propose an expansive interpretation of undefined words in the Act.

It follows that we should not expand patent rights by overruling or modifying our prior cases construing the patent statutes, unless the argument for expansion of privilege is based on more than mere inference from ambiguous statutory language. We would require a clear and certain signal from Congress before approving the position of a litigant who, as respondent here, argues that the beachhead of privilege is wider, and the area of public use narrower, than courts had previously thought.

Deepsouth Packing Co., Inc. v. Laitram Corp., 406 U.S. 518, 531 (1972).

In cases where courts have construed “making” in the context of 35 U.S.C. § 154 and “makes” in the context of § 271, those terms have been strictly construed to pertain to the act of creating “an operable assembly of the whole and not the manufacture of its parts.” *Id.* at 528; *see also Radio Corp. of America v. Andrea*, 79 F.2d 626 (2d Cir. 1935).

Both *Deepsouth* and *Andrea* are instructive on how courts have construed “makes” and “making” because they involve situations where a party was accused of direct infringement by manufacturing and shipping unassembled parts of a patented article. These cases reject the notion that such activity can be fairly considered “making” the invention because “we cannot say that the patented combination was complete *until physical connection is established.*” *Andrea*, 79 F.2d at 628 (emphasis added); *see also Deepsouth*, 406 U.S. at 529.

In the case of seeds, they will self-replicate or “sprout” unless stored in a controlled manner preventing this natural activity. Humans can (and most often do) intervene in the process of self-replication. For example, in this case, Bowman planted Roundup Ready® seeds and treated them with glyphosate. This activity led in part to the creation of new soybeans having the patented Roundup Ready® trait. But it was the planted soybean, not Bowman, that “physically connected” all elements of the claimed invention into an “operable whole.”

For example, claim 103 of Monsanto’s ’247E Patent is drawn to a “recombinant, double-stranded DNA molecule” with various features including “a promoter,” “a structural DNA sequence,” as well as other elements of a DNA molecule. Pet. App. at 4a-5a. Bowman did not assemble or “physically connect” these elements into an “operable whole,” the seed did that on its own. Similarly, claim 116 is a glyphosate-tolerant plant cell comprising a DNA sequence. Bowman did not form the plant cell with the claimed DNA sequence, the seed formed these elements and “physically connected” these into an operable whole.

III. A Finding for Petitioner in this Case Would be Consistent with this Court's Cases Under the PVPA

The Government argues that this Court's decision in *J.E.M. AG Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124 (2001) "reinforces the conclusion that the term 'make' encompasses the deliberate creation of newly infringing articles by planting patented seed." U.S. Amicus Br. 16. Contrary to the Government's characterization of *J.E.M.*, that decision says nothing about the meaning of the word "make" in the context of the Patent Act. Rather, the Government apparently cites *J.E.M.* for the same reasons that Monsanto did in its opposition brief (Br. in Opp. 15), i.e., a statement made in dicta that "there are no exemptions for research or saving seed under a utility patent." 534 U.S. at 143. Both the Government and Monsanto quote this language from *J.E.M.*, arguing that the Plant Variety Protection Act ("PVPA") has specific exemptions for saving seed and research, and that because there are no such exemptions in the Patent Act, there must be no right to save patented seeds grown from seeds purchased in an authorized sale and no right to conduct research on patented seed purchased in an authorized sale. As for the ability to conduct *research*² on seeds purchased in an authorized sale, the Government apparently does not read the Patent Act as requiring an exemption for research where patented seed was purchased in an authorized sale. U.S. Amicus Br. 18 (asserting that "[t]he authorized sale of first-generation seed exhausts the patentee's right to control use and

2. Unlike Monsanto's brief, the Government's brief omits the word "research" from the quoted passage in *J.E.M.* U.S. Amicus Br. 16.

disposition of that seed.”). Nothing in *J.E.M.* indicates exhaustion should not apply to patented seeds just as it does to any other patented article.

The petition should be granted.

Respectfully submitted,

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