

No. 11-796

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**In the Supreme Court of the United States**

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VERNON HUGH BOWMAN, PETITIONER

*v.*

MONSANTO COMPANY, ET AL.

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

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**BRIEF FOR THE UNITED STATES AS AMICUS CURIAE**

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### **QUESTION PRESENTED**

Whether the authorized sale of one generation of a patented plant seed exhausts a patentee's right to control subsequent generations of that seed.

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This brief is submitted in response to the Court's order inviting the Solicitor General to express the views of the United States. In the view of the United States, the petition for a writ of certiorari should be denied.

### STATEMENT

1. Respondent Monsanto manufactures the herbicide Roundup®. The active ingredient in Roundup is glyphosate, which kills plants by inhibiting the activity of an enzyme necessary for growth. Because Roundup would otherwise affect crops and weeds alike, respondent developed a genetic sequence that, when inserted into the germplasm of certain seeds (including soybean seeds), produces a growth enzyme that is unaffected by glyphosate. Pet. App. 2a-3a, 20a.

A grower using seed containing that genetic sequence can spray Roundup (or another glyphosate-based herbicide) on his crops without harming them.

Seed containing that genetic modification is marketed as Roundup Ready® seed. This case involves two patents issued to respondent that cover different aspects of the Roundup Ready technology. Pet. App. 3a-6a, 20a-21a.

Respondent licenses Roundup Ready technology to third-party seed companies, which insert the genetic trait into their own soybean seed varieties. The licensed seed companies then sell the Roundup Ready soybeans to growers for planting. The herbicide-resistant trait is carried forward into each successive generation of soybeans produced from the genetically altered seeds, and the harvested commodity is virtually identical to the planted soybean seed. For that reason, respondent authorizes the licensed seed companies to sell only to growers who are willing to enter into a licensing agreement, often referred to as a “Technology Agreement.” Pet. App. 6a-7a, 21a.

By signing a Technology Agreement, a purchasing grower agrees

- (1) to use the seed containing Monsanto gene technologies for planting a commercial crop only in a single season;
- (2) to not supply any of this seed to any other person or entity for planting;
- (3) to not save any crop produced from this seed for replanting, or supply saved seed to anyone for replanting; and
- (4) to not use this seed or provide it to anyone for crop breeding, research, generation of herbicide registration data, or seed production.

Pet. App. 7a (citation and internal quotation marks omitted). Growers are authorized to use or sell the crop produced from the purchased seed for most purposes

other than planting. For example, respondent authorizes growers to sell the harvested crop (*i.e.*, the second-generation soybean) to grain elevators as a commodity, and it does not require growers to place any restrictions on the grain elevator's subsequent sale of that seed. See *id.* at 7a-8a.

2. Petitioner, a farmer in Indiana, purchased Roundup Ready soybean seeds from one of respondent's licensed seed companies, and he signed a Technology Agreement that included the conditions set forth above. From 1999 through 2007, petitioner planted those seeds as his first soybean crop of the season. Consistent with the Technology Agreement, he did not save the harvested crop for replanting but instead sold it to a local grain elevator. Pet. App. 8a-9a, 21a-22a.

Petitioner also planted a second soybean crop later in the growing season, a practice that is considered riskier. For that second-crop planting, petitioner purchased "commodity seed" from a grain elevator. Commodity seed is less expensive than the Roundup Ready seed, and it consists of a mixture of undifferentiated seed from the previous year's harvest. Although commodity seed may therefore include some conventional soybean varieties, in 2007, nearly 94 percent of Indiana's acres of soybeans were planted using herbicide-resistant seeds. When petitioner applied a glyphosate-based herbicide to his fields, he confirmed that many of the second-crop plants were glyphosate resistant. Pet. App. 7a-9a, 22a-23a.

Each year, petitioner saved seed harvested from his second crop for replanting in later years. Petitioner supplemented those seeds with additional purchases of commodity seed from the grain elevator, and he treated his second crop with a glyphosate-based herbicide.



Thus, from 1999 through 2007, petitioner planted Roundup Ready soybean seed purchased from one of respondent's licensed seed companies for his first-crop planting and sold the second-generation seed to a grain elevator; for his second crop, he planted commodity seed purchased from a grain elevator (and the progeny thereof), which included soybeans containing the Roundup Ready trait. Pet. App. 9a, 23a.

3. Respondent brought suit in the United States District Court for the Southern District of Indiana, alleging that petitioner had infringed two of its patents by "making, using, offering for sale, selling, or importing" soybean seed containing the Roundup Ready trait without authorization. See Compl. ¶¶ 22, 29. Petitioner raised patent exhaustion as a defense to infringement, arguing that respondent's failure to restrict sale of the second-generation seed rendered its patents exhausted with respect to any subsequent use of that seed. See Pet. App. 24a. The district court granted summary judgment in favor of respondent and entered judgment in the amount of \$84,456.20. *Id.* at 31a-43a, 52a.

4. The court of appeals affirmed. Pet. App. 1a-18a. The court observed that it had previously "dealt with unauthorized planting of second-generation seeds" in *Monsanto Co. v. McFarling*, 302 F.3d 1291 (Fed. Cir. 2002), cert. denied, 537 U.S. 1232 (2003), and *Monsanto Co. v. Scruggs*, 459 F.3d 1328 (Fed. Cir. 2006), cert. denied, 549 U.S. 1342 (2007). Pet. App. 12a. The court explained that, in both *McFarling* and *Scruggs*, the Federal Circuit had rejected a patent-exhaustion defense asserted by growers who had saved Roundup Ready soybean seeds from the first harvest and had replanted them the next season in violation of a Technology Agreement. *Id.* at 12a-13a.

The court of appeals held that, “[s]imilarly, here, patent exhaustion does not bar an infringement action.” Pet. App. 14a. The court stated that, “[e]ven if [respondent’s] patent rights in the commodity seeds are exhausted, such a conclusion would be of no consequence because once a grower, like [petitioner], plants the commodity seeds containing [respondent’s] Roundup Ready technology and the next generation of seed develops, the grower has created a newly infringing article.” *Ibid.* “The right to use,” the court explained, “do[es] 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.” *Ibid.* (quoting *Jazz Photo Corp. v. International Trade Comm’n*, 264 F.3d 1094, 1102 (Fed. Cir. 2001), cert. denied, 536 U.S. 950 (2002)) (brackets in original). The court observed that “[a]pplying the first sale doctrine to subsequent generations of self-replicating technology would eviscerate the rights of the patent holder.” *Ibid.* (quoting *Scruggs*, 459 F.3d at 1336).

The court of appeals also rejected, as unsupported by the record, petitioner’s suggestion that replanting commodity seeds to create new seeds is the “only reasonable and intended use” of the commodity seeds. Pet. App. 14a (quoting *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 631 (2008)). The court explained that “there are various uses for commodity seeds, including use as feed.” *Ibid.* The court concluded that, although petitioner and other farmers “may have the right to use commodity seeds as feed, or for any other conceivable use, they cannot ‘replicate’ [respondent’s] patented technology by planting it in the ground to create newly infringing genetic material, seeds, and plants.” *Ibid.*

## DISCUSSION

This case involves application of the patent-exhaustion defense to an unusual product that embodies the patented technology and reproduces itself in materially identical form. Petitioner's principal argument is that the Federal Circuit's "conditional sale" doctrine is inconsistent with this Court's patent-exhaustion decisions, including most recently *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008) (*Quanta*). That issue is not properly presented in this case, however, because the "conditional sale" doctrine was not the basis for the decision below. Rather, the court of appeals held that the authorized sale of a patented article does not grant the purchaser a right to make a newly infringing article, and that petitioner had infringed respondent's exclusive right to "make" the patented article by producing subsequent generations of Roundup Ready seed. The court of appeals' decision is correct and does not conflict with any decision of this Court or any other court of appeals. The Court therefore should deny the petition for a writ of certiorari.

### **A. Although The Federal Circuit's "Conditional Sale" Doctrine Is Inconsistent With This Court's Precedents, The Court Of Appeals Did Not Rely On That Doctrine Here**

Petitioner's principal argument (Pet. 9-16) is that the Federal Circuit's "conditional sale" doctrine is inconsistent with this Court's patent-exhaustion precedents. The conditional-sale approach does conflict with this Court's patent-exhaustion decisions, but the court of appeals did not rely on that approach here. This case is therefore an inappropriate vehicle to consider the continuing validity of the Federal Circuit's pre-*Quanta* case law.

1. The Patent Act grants a patentee the “right to exclude others from making, using, offering for sale, or selling the invention.” 35 U.S.C. 154(a)(1); see 35 U.S.C. 271(a) (“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”). Each of the enumerated exclusive rights is a “substantive right[]” that “may be granted or conferred separately by the patentee.” *Adams v. Burke*, 84 U.S. (17 Wall.) 453, 456 (1873); see *Brulotte v. Thys Co.*, 379 U.S. 29, 30 (1964).

Since *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539, 549-550 (1853), this Court has repeatedly held that the exclusive rights to use and to sell are exhausted, as to a given article embodying a patented invention, upon the first valid sale of the article by the patentee or an authorized licensee. See, e.g., *Quanta*, 553 U.S. at 625-628; *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 497 (1964) (plurality opinion); *United States v. Univis Lens Co.*, 316 U.S. 241, 251-252 (1942) (*Univis*); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 508-518 (1917); *Keeler v. Standard Folding Bed Co.*, 157 U.S. 659, 666 (1895); *Hobbie v. Jennison*, 149 U.S. 355, 361-363 (1893); *Adams*, 84 U.S. (17 Wall.) at 456. As the Court in *Adams* explained, those decisions rest on the principle that “the sale by a person who has the full right to make, sell, and use such a machine carries with it the right to the use of that machine to the full extent to which it can be used.” 84 U.S. (17 Wall.) at 455. Thus, the authorized sale of a patented article “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.” *Univis*, 316 U.S. at 250.

2. Before *Quanta*, the doctrine of patent exhaustion had evolved in the Federal Circuit in a manner that was materially different from, and inconsistent with, the doctrine expounded by this Court. Beginning with *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 706-708 (1992), the Federal Circuit had found the exhaustion doctrine inapplicable to what it viewed as “conditional” sales, a category that encompassed any sale subject to unilateral or bilateral restrictions on the use or resale of the purchased article. As a result, a patentee could attach (by notice or agreement) restrictions on products embodying its patented invention and enforce those restrictions, in actions for patent infringement, against downstream purchasers even after an authorized sale by the patentee or a licensee. See *LG Elecs., Inc. v. Bizcom Elecs., Inc.*, 453 F.3d 1364, 1369-1370 (Fed. Cir. 2006), rev’d by *Quanta*, 553 U.S. 617 (2008). In the Federal Circuit’s view, such restrictions were enforceable in patent-infringement suits unless the restriction was not “within the patent grant” (*i.e.*, did not “relate[] to subject matter within the scope of the patent claims”), had “anticompetitive effects extending beyond the patentee’s statutory right to exclude,” and violated antitrust law. *Mallinckrodt*, 976 F.2d at 708.

As the court below recognized (Pet. App. 13a), prior Federal Circuit decisions involving the unauthorized planting of subsequent-generation patented seed had relied in part on that conditional-sale approach. In *Monsanto Co. v. Scruggs*, 459 F.3d 1328 (2006), cert. denied, 549 U.S. 1342 (2007), the Federal Circuit rejected a patent-exhaustion defense asserted by a farmer who had purchased Roundup Ready soybean seed from a licensed

seed company, and had saved and replanted second-generation seed in violation of a Technology Agreement that he never signed. In finding that the patentee's rights had not been exhausted, the court relied in part on the fact that there had been "no unrestricted sale because the use of the seeds by seed growers was conditioned on obtaining a license from Monsanto." *Id.* at 1336.<sup>1</sup> The court also stated, however, that "the new seeds grown from the original batch had never been sold," *ibid.* (citation omitted), and that "[w]ithout the actual sale of the second generation seed to [the farmer], there can be no patent exhaustion," *ibid.*

In *Monsanto Co. v. McFarling*, 302 F.3d 1291 (2002), cert. denied, 537 U.S. 1232 (2003), the Federal Circuit

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<sup>1</sup> In *Scruggs*, there apparently had been no authorized sale of the *first-generation* Roundup Ready seed. The licensed seed company was authorized to sell only to growers who had signed a Technology Agreement, and the purchasing farmer was aware of that limitation, but the parties consummated the sale without satisfying that condition. 459 F.3d at 1333, 1336. *Scruggs* therefore did not involve a post-sale limitation on use by the purchaser, but a pre-sale limitation on sale by the licensee. Even under this Court's case law, an authorized sale is necessary to trigger exhaustion. See *Quanta*, 553 U.S. at 636 ("Exhaustion is triggered only by a sale authorized by the patent holder."); *General Talking Pictures Corp. v. Western Elec. Co.*, 304 U.S. 175, 181-182 (holding that exhaustion did not apply because the manufacturer had no authority to sell to that market and the manufacturer "could not convey \* \* \* what both [the manufacturer and the purchaser] knew it was not authorized to sell"), *aff'd on reh'g* by 305 U.S. 124 (1938); see also *Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 615 F. Supp. 2d 575, 588 (E.D. Ky. 2009) (distinguishing *Scruggs* because, *inter alia*, "any sale to [Scruggs] was unauthorized"); cf. *Quanta*, 553 U.S. at 636-637 (concluding that "Intel's authority to sell its products embodying the LGE Patents was not conditioned on the notice or on Quanta's decision to abide by LGE's directions in that notice").

concluded that a farmer who had purchased Roundup Ready soybean seed from a licensed seed company, and who had then saved and replanted second-generation seed in violation of a Technology Agreement that he *did* sign, was unlikely to succeed on his patent-exhaustion defense. The court stated that the patent-exhaustion doctrine was “not implicated” because “the new seeds grown from the original batch had never been sold,” and “[t]he original sale of the seeds did not confer a license to construct new seeds.” *Id.* at 1298-1299. The court also stated, however, that “[t]he price paid by the purchaser ‘reflects only the value of the “use” rights conferred by the patentee.’” *Id.* at 1299. Although the court did not elaborate on that proposition, it was quoting *B. Braun Medical, Inc. v. Abbott Laboratories*, 124 F.3d 1419, 1426 (Fed. Cir. 1997), a decision that had reiterated the Federal Circuit’s understanding of the exhaustion doctrine as “not apply[ing] to an expressly conditional sale or license.” *Ibid.*<sup>2</sup>

3. Petitioner argues (Pet. 10-16) that the approach to patent exhaustion adopted by the Federal Circuit in *Mallinckrodt* and subsequent cases, and applied in part in *Scruggs* and *McFarling*, is inconsistent with this Court’s cases. As the United States explained in *Quanta*, petitioner’s general criticism of the Federal Circuit’s “conditional sale” doctrine is correct. This Court’s precedents make clear that patent exhaustion applies despite explicit restrictions imposed by the patentee, as long as there has been an authorized sale of the patented item. See U.S. Merits Amicus Br. at 8-24,

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<sup>2</sup> The *McFarling* court also cited *Mallinckrodt*, but only in the context of discussing the farmer’s antitrust and patent-misuse allegations. 302 F.3d at 1298. Even there, the court described the post-sale restriction as one “on use to make additional patented product.” *Ibid.*

*Quanta, supra* (No. 06-937). It is not clear, however, whether the Federal Circuit will continue to adhere to the *Mallinckrodt* line of cases after *Quanta*.<sup>3</sup> What is clear is that the court did not do so here.

The decision below did not rest in any part on the presence (or absence) of post-sale restrictions imposed by respondent. The court did cite *Mallinckrodt*, but only in the context of summarizing the earlier patented seed cases (*McFarling* and *Scruggs*). Pet. App. 13a. In deciding *this* case, the court did not determine whether respondent’s “rights in the commodity seeds” had been “exhausted” because it found that point to be “of no consequence.” *Id.* at 14a. “Even if” exhaustion had occurred, the court explained, petitioner would still be liable because he had “created a newly infringing article” when he “plant[ed] the commodity seeds containing respondent’s Roundup Ready technology and the next generation of seed develop[ed].” *Ibid.* The court thus recognized that, even if respondent’s rights in the commodity seed had been exhausted, so that petitioner had a “right to use” that seed for any “conceivable use,” petitioner still did not have a “right to construct an essentially new article on the template of the original.” *Ibid.* (quoting *Jazz Photo Corp. v. International Trade Comm’n*, 264 F.3d 1094, 1102 (Fed. Cir. 2001), cert. denied, 536 U.S. 950 (2002)); see Pet. 17 (acknowledging that the court’s holding was based on the understanding

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<sup>3</sup> In *Princo Corp. v. International Trade Comm’n*, 616 F.3d 1318, 1328 (2010), cert. denied, 131 S. Ct. 2480 (2011), the en banc Federal Circuit cited *Mallinckrodt* and *B. Braun* favorably for the proposition that the exhaustion doctrine does not apply “to a conditional sale or license.” That case, however, involved patent misuse rather than patent exhaustion, and the court did not discuss *Quanta*.



that “farmers ‘make’ progeny seeds rather than ‘use’ purchased seeds”); pp. 12-17, *infra*. This 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*.

**B. The Authorized Sale Of A Patented Article Does Not Grant The Purchaser The Right To Make A Newly Infringing Article**

The court of appeals correctly held that, even if respondent’s patent rights in the commodity seed have been exhausted, petitioner still had no right to make a newly infringing article by planting and harvesting that seed.

1. As explained above (see p. 7, *supra*), the Patent Act grants a patent holder separate rights to exclude others from making, using, offering for sale, and selling a patented invention. An authorized first sale of an article embodying the patented invention exhausts the patentee’s rights to use and sell that patented article. The patent-exhaustion doctrine, however, has never encompassed the *making of new* infringing articles.

In describing the exhaustion doctrine, this Court has consistently referred to the relinquishment of patent rights only with respect to the particular article sold. See, e.g., *Quanta*, 553 U.S. at 625 (describing the “long-standing doctrine of patent exhaustion” as providing that “the initial authorized sale of a patented item terminates all patent rights to that item”); *Univis*, 316 U.S. at 249 (discussing exhaustion of the patent monopoly “with respect to the article sold”); *Mitchell v. Hawley*, 83 U.S. (16 Wall.) 544, 547 (1872) (explaining that after an authorized sale a patentee “ceases to have any interest whatever in the patented machine so sold and delivered”); cf. 17 U.S.C. 109(a) (codifying first-sale

doctrine in copyright law as authorizing the owner of a “particular copy \* \* \* to sell or otherwise dispose of the possession of that copy”). As the Court explained in *Univis*, “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 sale of the article,” and “once that purpose is realized the patent law affords no basis for restraining the use and enjoyment *of the thing sold*.” 316 U.S. at 251 (emphases added). But the purchaser of the patented article “does not acquire any right to construct another machine,” *Mitchell*, 83 U.S. (16 Wall.) at 548, or to make a “second creation of the patented entity,” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346 (1961) (*Aro I*). Cf. *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339, 350 (1908) (“The purchaser of a book, once sold by authority of the owner of the copyright, may sell it again, although he could not publish a new edition of it.”).

The critical distinction between use of a patented article, and the making of a new article, arises most frequently when courts determine whether the purchaser has permissibly repaired a patented article, or instead has impermissibly reconstructed it. A patentee “cannot prevent those to whom he sells from . . . reconditioning articles worn by use,” but it can prevent them from “in fact mak[ing] a new article.” *Aro I*, 365 U.S. at 343 (quoting *United States v. Aluminum Co. of Am.*, 148 F.2d 416, 425 (2d Cir. 1945)); see *American Cotton-Tie Co. v. Simmons*, 106 U.S. 89, 93-94 (1882) (“Whatever right the [purchasers] could acquire to the use of the old buckle, they acquired no right to combine it with a substantially new band, to make a cotton-bale tie.”); *Wilson v. Simpson*, 50 U.S. (9 How.) 109, 123-125 (1850) (holding that purchaser of patented article may use and repair it,

but may not reconstruct the patented invention). Whereas repair is a permissible use of the article sold, reconstruction is an impermissible making of a new article. Thus, as the court of appeals explained (Pet. App. 14a), “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 article remains with the patentee.” *Jazz Photo Corp.*, 264 F.3d at 1102.

2. Petitioner does not appear to dispute the basic proposition that, although the authorized sale of a patented article affords the purchaser the right to use or dispose of *that* article, it does not grant the purchaser the right to make a newly infringing article. Instead, he argues (Pet. 19-20) that the planting of patented seed to generate new seed constitutes “use” of the purchased seed, and not the “making” of newly infringing seed. That argument lacks merit.

To be sure, planting soybean seed in order to produce a new crop is naturally described as “using” the seed that was planted. Contrary to petitioner’s contention, however, the planting and harvesting of soybeans *also* constitutes the “making” of newly infringing seed. The careful distinction between repair and reconstruction reflects the understanding that, even when the patentee’s rights in a sold article have been exhausted, infringement may still occur if the purchaser “uses” the sold article to “make” a newly infringing one. *E.g.*, *American Cotton-Tie Co.*, 106 U.S. at 93-94.

Petitioner recognizes that licensed seed companies “make” new seeds “when they artificially insert patented germplasm into naturally occurring soybean seeds.” Pet. 19. Petitioner states that “[t]he activity of these companies in making seeds differs in fundamental ways from the activities of farmers in using them.” Pet. 20.

What petitioner describes, however, are simply two different methods of “making” Roundup Ready seed. Although the Patent Act does not define the term “making,” the verb “make” is commonly defined as “to bring about,” “to cause to happen,” or “to cause to exist, occur, or appear.” *Webster’s Third New International Dictionary* 1363 (1993). Petitioner “cause[d] [the progeny seed] to exist,” even though he accomplished that result through a method different from the one employed by respondent’s licensed seed companies.<sup>4</sup>

Petitioner also argues that farmers do not “make” newly infringing seeds by planting because seeds “will *self-replicate* without farmer assistance.” Pet. 20. But petitioner did not simply leave the seed “untended on a field” (*ibid.*). Rather, he intentionally planted the commodity seed in order to create a new crop of soybeans; he saved some of that new crop to replant the next growing season; he continued to plant, harvest, and save seed for eight successive years; and he exploited the known glyphosate-resistant properties of the progeny

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<sup>4</sup> In *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526-532 (1972) (*Deepsouth*), the Court concluded that a company did not “make” the patented invention in the United States when only the combination was patented and the actual assembly of that combination, from parts made in the United States, occurred overseas. The Court held that the manufacture of the constituent parts did not, by itself, constitute the “making” of the combination. *Id.* at 527-528; see *id.* at 528 (referring to “operable assembly of the whole and not the manufacture of its parts”). And while the patented combination was “made” when the constituent parts were assembled, that conduct did not infringe the relevant patent because the assembly occurred outside the United States. *Id.* at 526-527. The Court’s analysis in *Deepsouth* does not cast doubt on the correctness of the decision below. Petitioner’s activities culminated, and were intended to culminate, in the creation within the United States of the final patented product.

seed by treating his crops with a glyphosate-based herbicide. Pet. App. 9a-10a.

This Court’s decision in *J.E.M. AG Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc.*, 534 U.S. 124 (2001) (*J.E.M.*), reinforces the conclusion that the term “make” encompasses the deliberate creation of newly infringing articles by planting patented seed. In *J.E.M.*, the Court held that utility patents are available to plants under the Patent Act, 35 U.S.C. 101, independent of any rights under the Plant Variety Protection Act (PVPA), 7 U.S.C. 2321 *et seq.* In so holding, the Court repeatedly emphasized that the PVPA provides an exemption allowing farmers to save seed and to use that seed for replanting, whereas there is no “exemption[] for \* \* \* saving seed under a utility patent.” *J.E.M.*, 534 U.S. at 143; see *id.* at 129 n.1, 140.<sup>5</sup> In that respect, among others, “utility patent holders receive greater rights of exclusion.” *Id.* at 143. That distinction would have no practical significance, however, if the unauthorized creation of new seed was treated as non-infringing under 35 U.S.C. 154 and 271 (2006 & Supp. IV 2010) based on the patent-exhaustion doctrine. Petitioner would effectively read a seed-saving exemption into the Patent Act.

Petitioner’s argument is also in some tension with this Court’s decision in *Asgrow Seed Co. v. Winterboer*, 513 U.S. 179 (1995), which involved an earlier version of

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<sup>5</sup> The PVPA exemption provides that “it shall not infringe any right [under the PVPA] for a person to save seed produced by the person from seed obtained, or descended from seed obtained, by authority of the owner of the variety for seeding purposes and use such saved seed in the production of a crop for use on the farm of the person, or for sale as provided in this section.” 7 U.S.C. 2543. Thus, like the patent-exhaustion doctrine, the PVPA exemption is contingent on an initial authorized sale of the patented seed.

the PVPA's seed-saving exemption. The Court held that the exemption permitted a grower to save progeny seed for replanting and to sell seed saved for that purpose, but that it did not allow him to sell seed commercially. *Id.* at 192-193. If, as petitioner contends, the authorized sale of patented seed exhausts a patentee's rights in that seed, as well as in its progeny, then a grower could save second-generation seed and sell that seed commercially without infringing the patent. That would, in turn, afford greater rights of exclusion to holders of a PVPA certificate than to utility patent holders, contrary to this Court's understanding in *J.E.M.* See 534 U.S. at 143 ("utility patent holders receive greater rights of exclusion").

3. Petitioner's other arguments are also unpersuasive. Petitioner appears to suggest that, because planting is a "common," "foreseeable," and "intended" use of seed, a grower's right to plant should prevail over a patentee's right to exclude others from making the patented seed. Pet. 17-18. Planting, however, is not the "only reasonable and intended use" of harvested soybeans. *Quanta*, 553 U.S. at 631; see Pet. App. 14a. Growers can use progeny seed for animal feed, *ibid.*, and they can sell it as a commodity. See *Asgrow*, 513 U.S. at 188 ("Farmers generally grow crops to sell."). Indeed, because for soybeans "the crop is the seed," *ibid.*, it would be pointless to produce soybeans if the seed had no productive use other than further propagation.<sup>6</sup>

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<sup>6</sup> With other crops, by contrast, the commodity is often the roots, stems, leaves, or flowers. For such crops, it may be possible to "use" purchased seed to produce the commodity without "making" next-generation seed. See *Asgrow*, 513 U.S. at 191 n.5 (noting that, to obtain seed from some other vegetable crops, farmers must first allow the crop to overripen).

Where, as here, a purchaser can use the patented article without also making a newly infringing article, there is no reason to extinguish the patentee's separate and exclusive right to make the invention. See *Adams*, 84 U.S. (17 Wall.) at 456 (exclusive rights “may be granted or conferred separately by the patentee”).

This does not mean, as petitioner suggests (Pet. 17-18), that the patent-exhaustion doctrine is inapplicable to patented seed. The authorized sale of first-generation seed exhausts the patentee's right to control the use and disposition of *that* seed. Exhaustion may also apply to progeny seed to the extent the patentee authorizes growers to sell second or subsequent-generation seed and they in fact do so. In authorizing the sale of each generation of seed, the patentee exhausts its right to control the use or disposition of *that* generation. But the sale of patented seed never authorizes a purchaser to create a new generation; the right to make is a distinct, exclusive right that remains with the patentee. The patentee can, of course, authorize a grower to make progeny seed, as it did here with respect to the licensed Roundup Ready seed. But the right to make newly infringing seed is never the product of patent exhaustion.

4. Petitioner also contends (Pet. 9, 17-18) that the court of appeals' decision will eliminate commodity soybeans as a low-cost alternative for second-crop plantings, and will otherwise alter traditional farming practices. For at least two reasons, those policy considerations do not warrant this Court's review.

First, Congress is better equipped than is this Court to weigh petitioner's concerns against the countervailing considerations that support continuing patent protection in this context. If petitioner's view were adopted, the

first authorized sale of a single Roundup Ready soybean would extinguish all of respondent's patent rights to that soybean and to its progeny. Although respondent might still have contractual remedies against persons with whom it is in privity, any patent protection "would effectively be lost as soon as the first generation of the product was introduced into the market." Br. in Opp. 3; see *Scruggs*, 459 F.3d at 1336 ("Applying the first sale doctrine to subsequent generations of self-replicating technology would eviscerate the rights of the patent holder."). The incentive to invest in innovation and research might well be diminished if the patent term for genetically modified crops was effectively reduced from 20 years to a single year or even a single growing season. Cf. *Diamond v. Chakrabarty*, 447 U.S. 303, 307 (1980) ("The patent laws promote \* \* \* progress by offering inventors exclusive rights for a limited period as an incentive for their inventiveness and research efforts."). Congress is better positioned to weigh the interests of biotechnology firms, agricultural workers, and the public, as it presumably did in crafting a limited seed-saving exemption to the PVPA.

Second, the crux of petitioner's theory is that, notwithstanding respondent's right to exclude others from "making" Roundup Ready seed, persons who have acquired such seed through an authorized sale may lawfully create new generations by exploiting the seeds' self-replicating properties. Very few judicial decisions have applied patent-exhaustion principles to self-replicating technologies, and the limited case law in this area has centered on soybeans. If this Court granted certiorari, however, its decision could also affect the enforcement of patents for man-made cell lines, DNA molecules, nanotechnologies, organic computers, and other



technologies that involve self-replicating features. The Court should allow the case law to develop further before considering whether to adopt a more restrictive definition of “making” that could have unforeseen consequences for other present and future self-replicating technologies. Cf. *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010) (recognizing that “[t]echnology and other innovations progress in unexpected ways”).

#### CONCLUSION

The petition for a writ of certiorari should be denied.  
Respectfully submitted.

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