

No. 11-796

IN THE
Supreme Court of the United States

VERNON H. BOWMAN,

Petitioner,

v.

MONSANTO COMPANY, *et al.*,

Respondents.

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

**BRIEF OF INTELLECTUAL PROPERTY OWNERS
ASSOCIATION IN SUPPORT OF RESPONDENTS**

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INTEREST OF *AMICUS CURIAE*

Amicus curiae Intellectual Property Owners Association (IPO) is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in U.S. intellectual property rights.¹ IPO's membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, executive, law firm, or attorney members. Founded in 1972, IPO represents the interests of all owners of intellectual property. IPO regularly represents the interests of its members before Congress and the U.S. Patent and Trademark Office and has filed *amicus curiae* briefs in this Court and other courts on significant issues of intellectual property law. The members of IPO's Board of Directors, which approved the filing of this brief, are listed in the Appendix.²

1. No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the *amicus curiae* or its counsel made a monetary contribution to its preparation or submission. Both parties consented to the filing of this brief through general consent forms filed with the Court.

2. IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting. Monsanto Co. is a member of IPO's Board of Directors; however, it did not participate in the discussions regarding or vote on the decision to file this brief and did not participate in its preparation.

INTRODUCTION

IPO files this *amicus* brief in support of the respondent, Monsanto Co. Specifically, IPO believes that the Federal Circuit correctly found that the doctrine of patent exhaustion does not absolve Mr. Bowman from infringement. The commodity seeds planted by Mr. Bowman were not the original seeds that were the subject of an authorized sale by Monsanto. While patent exhaustion would have prevented Monsanto from restricting the distribution or use of those original seeds, those original seeds were completely consumed (as intended) in the growing of the first crop. The commodity seeds that resulted from the first crop were not the subject of an authorized sale by the patentee – Monsanto never sold those particular commodity seeds. Instead, the commodity seeds constitute an entirely new manufacture and, as such, are not subject to the doctrine of patent exhaustion under this Court's jurisprudence.

ARGUMENT

I. Monsanto's patent rights were not exhausted with regard to the unauthorized making of new patented seed.

The decisions of this Court have never permitted the making of new patented articles based on the doctrine of patent exhaustion. For example, in *United States v. Univis Lens Co., Inc.*, 316 U.S. 241 (1942), makers of lens blanks for reading glasses imposed restrictions on three different end users with respect to the prices that the users could charge for the ultimate eyeglass product. In an antitrust action the Court struck down these restrictions

as exceeding the rights conferred by the patent grant. According to the Court, “incident to the purchase of any article, whether patented or unpatented, is the right to use and sell it, and upon familiar principles the authorized sale of an article which is capable of use only in practicing the patent is a relinquishment of the patent monopoly with respect to the article sold.” *Univis*, 316 U.S. at 249 (citations omitted). The Court thus permitted the users to freely use and sell the actual patented article that was the subject of the sale. Tellingly, however, the Court did not countenance making brand new lens *blanks*, the patented article itself. *Id.*

In the Court’s more recent decision in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008), LGE imposed restrictions on the use of computer chipsets on end users, limiting them to be used only with Intel components. As in *Univis* (which the *Quanta* Court expressly cited as controlling authority), these restrictions exceeded the patent grant by attempting to limit how the Intel chipsets could be used after an authorized sale. The Court distinguished arguments that such uses constituted a “making” by recognizing that no new chipsets were made but rather what was made and sold was a product that included the patented chipsets. *Quanta*, 553 U.S. at 634. In finding that patent exhaustion applied, the Supreme Court utilized a three-part test based on *Univis*. Under this test, patent exhaustion applies when: (1) the product sold does not have any reasonable noninfringing use, (2) the product sold substantially embodies the essential features of the patented invention, and (3) there is an authorized, unconditional sale of the patented invention. *Id.* at 633-36, 638.

Here, Monsanto's rights to its patented seed are infringed by Mr. Bowman's replanting, which is not merely a use but a complete remaking of new seeds. This in and of itself distinguishes Mr. Bowman's new act of infringement from Quanta's noninfringing use of Intel chipsets after the patent rights were exhausted by sale. The exhaustion argument raised by Mr. Bowman fails to satisfy at least two of the prongs of the test enunciated in *Quanta*. With respect to the first prong, the commodity seed has uses other than replanting (including uses as animal feed and in human foodstuffs.) This stands in contrast to the chipsets in *Quanta* whose only use was as a component in the ultimate product. But more significantly, with respect to the third prong, there was no authorized, unrestricted sale by Monsanto of the seed used by Mr. Bowman that would exhaust patentee's patent rights. The original, authorized seed sold by Monsanto was consumed in the first planting. The commodity seed purchased by Mr. Bowman was neither made by nor sold by Monsanto. As such, the commodity seeds do not constitute an authorized sale by the patentee to which exhaustion attaches.

a. The lack of patent exhaustion here is consistent with this Court's precedent concerning repair and replacement

In *Aro Manufacturing Co., Inc. v. Convertible Top Replacement Co., Inc.*, 365 U.S. 336 (1961), the Court held that it was permissible to repair the worn fabric on the patented convertible automobile based on the purchaser's right to maintain the patented article for its intended use. The outcome in *Aro* stands in contrast to the Court's holding in *American Cotton-Tie Co. v. Simmons*, 106 U.S. 89 (1882) where reconstruction of the patented

tie for cotton baling was held to be infringing. In *Cotton-Tie*, the patented article (a tie comprising a band and a buckle) was destroyed during its use (wherein the tie was used to bale cotton and then cut and the cut tie processed as scrap metal). *Cotton-Tie*, 106 U.S. at 94. Simmons' reconstruction of the patented ties from such scrap metal was found by the Court to be reconstruction, due in part to the destruction of the tie during its permissible use under the patent. *Id.* at 95.

Mr. Bowman's replanting of commodity seed was no mere "repair" of the patented article; as in *Cotton-Tie*, the original seed sold by Monsanto had performed its use and had been consumed in the very first planting. Like in *Cotton-Tie*, Mr. Bowman reconstructed the crop by replanting the commodity seed (thereby creating a third generation of seed capable of reconstructing a third crop), and it was this act that constituted an infringing reconstruction of Monsanto's patented seed. These activities by Mr. Bowman constitute intentional infringement of Monsanto's patent rights because they resulted in an unauthorized making of a new crop of Monsanto's patented seed. This is impermissible reconstruction and is not subject to the doctrine of patent exhaustion.

b. Mr. Bowman's argument improperly conflates "making" and "using" an invention

Mr. Bowman argues that his replanting is not an infringing act because all of Monsanto's patent rights are exhausted by sale of the recombinant seed. In addition to being inconsistent with this Court's established precedent regarding exhaustion, Mr. Bowman's argument also

ignores the statutory distinction between “making” an invention and “using” an invention.

A patentee’s right to exclude is provided by statute as making, using, selling, offering to sell or importing the patented article. 35 U.S.C. §271 (a). While these activities may overlap in practice, they are distinct activities recited in the statute. More importantly, they have been recognized by this Court as distinct patent rights for more than 150 years. See *United States v. Gen. Elec. Co.*, 272 U.S. 476, 490 (1926) (“The patentee may make and grant a license to another to make and use the patented articles but withhold his right to sell them. The licensee in such a case acquires an interest in the articles made. He owns the material of them and may use them. But if he sells them he infringes the right of the patentee, and may be held for damages and enjoined.”); *Wilson v. Rousseau*, 45 U.S. 646, 683 (1846) (“[W]hen in connection with the simple right to use, the exclusive right to make and vend being in another, the right to use the thing patented necessarily results in a right to use the machine, and nothing more”). Disregarding these distinctions, as Mr. Bowman does when he argues that his infringing replanting is merely a “use” permitted by purchase of Monsanto’s patented seed, would improperly read these distinctions out of the statute. Such an interpretation of the statute would render the word “making” in §271(a) mere surplusage, contrary to this Court’s rubrics for proper statutory construction. See *Bd. of Tr. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2196 (2011) (relating to the application of the Bayh-Dole Act); *Bailey v. United States*, 516 U.S. 137, 146 (1995) (“We assume that Congress used two terms because it intended each term to have

a particular, nonsuperfluous meaning”); *Inhabitants of Montclair, County of Essex v. Ramsdell*, 107 U.S. 147, 152 (1883) (“It is the duty of the court to give effect, if possible, to every clause and word of a statute, avoiding, if it may be, any construction which implies that the legislature was ignorant of the meaning of the language it employed.”);

c. Mr. Bowman’s infringement is not absolved by using commodity seed.

Mr. Bowman attempts to distinguish the Federal Circuit’s earlier decisions, in *Monsanto v. Scruggs*, 459 F.3d 1328 (Fed. Cir. 2006) and *Monsanto v. McFarling*, 302 F.3d 1291 (Fed. Cir. 2002), that replanting Monsanto’s patented seed was infringing by relying on purchase of the seed from a so-called “commodity grain” elevator. This argument is unavailing because the grain elevator cannot transfer rights to Mr. Bowman that it never had.

The facts in *Scruggs* and *McFarling* illustrate the point. In *McFarling*, the infringer bought seed and entered into a technology agreement whereby he agreed not to replant Monsanto’s patented seed. In *Scruggs*, the infringer bought seed but did not enter into the technology agreement. In both cases, the infringers replanted the seed, and in both cases patent infringement, not breach of contract, was found. Whether in violation of the terms of the technology agreement or not, replanting of a new crop of Monsanto’s patented seed was deemed an infringement, *inter alia*, because it amounted to unauthorized making of the claimed invention.

d. Mr. Bowman advocates a position contrary to this Court's precedent concerning the interplay of the Patent Act and the Plant Variety Protection Act.

Mr. Bowman attempts to read into the utility patent law of Title 35 an exemption for seed saving that exists in the Plant Variety Protection Act (PVPA; 7 U. S. C. § 2321 *et seq.*). Such an interpretation of the patent statute is unnecessary and contrary to this Court's holding in *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l., Inc.*, 534 U.S. 124 (2001). In *J.E.M.*, the Court expressly held that utility patents could be granted for plants and that patent protection was not limited to the Patent Act (35 U. S. C. §§ 161-164) or the PVPA. *J.E.M.*, 534 U.S. at 127. The Court's opinion noted that there were "some 1,800 utility patents for plants, plant parts, and seeds"³ granted by 2001, including patented plants produced by conventional plant breeding techniques and genetically engineered plants comprising useful traits transferred from other organisms. *Id.* Although the opinion was directed towards utility patent-eligible plants, the Court also set forth distinctions between utility patent and PVPA protection that are contrary to Mr. Bowman's position.

Specifically, this Court contrasted the scope of protection available under utility patents with the requirements under the PVPA, stating that patentability requirements were more stringent than what the PVPA required for protection. *Id.* at 138. One of these distinctions was that the PVPA provides an exemption for farmers so that they can save seed produced from a legal purchase of

3. That number stands at more than 4,100 today (www.uspto.gov).

the protected variety for replanting a new crop. 7 U.S.C. § 2543. The Court noted that the utility patent statute contains no such exemption, the very exemption that Mr. Bowman asks the Court to *de facto* provide by holding that his replanting was an exhausted use. *J.E.M.*, 534 U.S. at 140. Albeit in a different context, the Court has already set forth this distinction between utility patent protection and the protections available under a PVPA certificate, and found no evidence that Congress intended to preclude utility patents for plants or incorporate special protections (like the saved seed exemption) from the PVPA into utility patent law. Indeed, one of the bases by which this Court found that protecting plants under the PVPA and the utility patent statute were not inconsistent was that “the protections afforded by a utility patent are greater than those afforded by a PVP certificate.” *Id.* at 142. The Court stated that “utility patent holders receive greater rights of exclusion than holders of a PVP certificate” and, “[m]ost notably, there are no exemptions for research or saving seed under a utility patent.” *Id.* at 143. This Court should not now vitiate those distinctions provided by Congress by incorporating by judicial decision an exemption on saving seed found in the PVPA but not in the utility patent statute.

II. Upholding Monsanto’s patent rights does not create a special exemption for patented seed.

Mr. Bowman argues that finding that his unauthorized replanting constitutes an infringing “making” of Monsanto’s patented seed would amount to special treatment for recombinant seed technology. Mr. Bowman is wrong for at least two reasons. First, infringement liability based on copying patented technology is not unique to seeds, but is a property shared with other

technologies, including computer software and the emerging field of nanotechnology. Second, this Court has recognized for over a century the need to consider how the law is applied to new technologies on a case-by-case basis, citing with approval the sentiments of the First Circuit in *Goodyear Shoe Machinery Co. v. Jackson*, 112 F. 146, 150 (1st Cir. 1903): “Each case, as it arises, must be decided in the light of all the facts and circumstances presented, and with an intelligent comprehension of the scope, nature, and purpose of the patented invention, and the fair and reasonable intention of the parties.” *Aro Manufacturing Co., Inc. v. Convertible Top Replacement Co., Inc.*, 365 U.S. 336, 376 (1961) (quoting *Goodyear*, 112 F. at 150).

Moreover, Mr. Bowman’s characterization of Monsanto’s patented seed as “self-replicating” is a red herring that disregards Mr. Bowman’s own affirmative infringing actions. Mr. Bowman purchased the commodity seeds, replanted the seeds, grew the seeds in the presence of Roundup® to eliminate undesirable weeds from his crop and reaped the economic rewards of his infringing actions. Mr. Bowman cannot avoid the consequences of his agency in performing these infringing actions merely by characterizing Monsanto’s patented seeds as “self-replicating;” the commodity seeds did not plant themselves.

a. Precluding replanting of patented seeds is necessary to promote this technology

The fruits of the second “green revolution” provided by recombinant seeds such as Monsanto’s seeds here are important not only for the U.S. economy but to address the needs of a burgeoning global population. Genetically modified varieties of agricultural staples including corn,

canola, cotton, papaya, squash, and soybeans are grown in the U.S. In 2005, these varieties increased crop production by 8.3 billion pounds while cutting production costs (by \$1.4 billion) and pesticide use (by 69 million pounds).⁴ Beneficial traits that have been introduced into various crop species include slowed ripening and improved shelf life in tomatoes,⁵ herbicide-resistant cotton, sugar beets, maize, soybeans,⁶ improved nutritional value, such as “golden rice” containing carotene as a cure for Vitamin A deficiency,⁷ drought,⁸ frost,⁹ and nitrogen starvation,¹⁰ and

4. Brief for Croplife International as *Amicus Curiae* Supporting Neither Party at 5, *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008) (No. 06-937) cited in Tod Michael Leaven, *Recent Developments: The Misinterpretation of the Patent Exhaustion Doctrine and the Transgenic Seed Industry in Light of Quanta v. LG Electronics*, 10 N.C. J.L. & TECH. 119, 124 n.28 (2008).

5. The “Flavr Savr” tomato from Calgene. See G. Bruening & J.M. Lyons, *The Case of the FLAVR SAVR Tomato*, CAL. AGRIC., July–Aug. 2000, at 7.

6. See CLIVE JAMES, INT’L SERVICE FOR THE ACQUISITION OF AGRI-BIOTECH APPLICATIONS, EXECUTIVE SUMMARY, BRIEF 43, GLOBAL STATUS OF COMMERCIALIZED BIOTECH/GM CROPS: 2011 8 (2001).

7. Guangwen Tang et al., *Golden Rice is an Effective Source of Vitamin A¹⁻³*, 89 AM. J. CLIN. NUTR. 1776, 1776 (2009).

8. ROBERT PAARLBURG, DROUGHT TOLERANT GMO MAIZE IN AFRICA, ANTICIPATING REGULATORY HURDLES, INTERNATIONAL LIFE SCIENCES INSTITUTE, (2011), available at <http://www.ilsa.org/Documents/2011%20AM%20Presentations/CERAPaarlberg.pdf>.

9. Cathy Lundmark, *Searching Evolutionary Pathways*, 56 BIOSCIENCE 552, 552 (2006).

10. ROB RENNIE & PATRICK HEFFER, ANTICIPATED IMPACT OF MODERN BIOTECHNOLOGY ON NUTRIENT USE EFFICIENCY, TFI/FIRT FERTILIZER OUTLOOK AND TECHNOLOGY CONFERENCE (2010),

insect- or virus resistance.¹¹ In addition to agricultural applications, recombinant organisms such as algae are a vital part of the developing biofuels industry.¹² None of the benefits of these inventions would survive as viable economic alternatives if the purchaser of a first seed could reconstruct the patented invention by replanting patented seed indefinitely, which would occur if “making” is considered an exhausted “use.” The consequences were illustrated in *Monsanto Co. v. McFarling*, 363 F.3d 1336 (Fed. Cir. 2004), which estimated that “a farmer planting one bag of soybeans in year one would reap ... 46,656 bags to replant in year four.” *McFarling*, 363 F.3d at 1347. No technology could survive if infringers were permitted to plunder the fruits of patented invention in this manner.

b. Seeds are not the only technologies that would be negatively impacted if “making” is considered an exhausted “use.”

Patented seeds are not the only technologies where “making” has properly been considered as a separate infringing activity. For example, in *Amgen*, the district court held that “growing up” recombinant cells producing erythropoietin constituted an infringing “making.” *Amgen, Inc. v. Elanex Pharms., Inc.*, No. C93-1483D, 1996

available at <http://www.fertilizer.org/ifa/layout/set/print/content/view/full/4050/%28offset%29/220>.

11. See Mark Vaeck et al., *Transgenic Plants Protected From Insect Attack*, 328 NATURE 33, 33–37 (1987).

12. Damien Carrington, *GM Microbe Breakthrough Paves Way for Large-Scale Seaweed Farming for Biofuels*, THE GUARDIAN (Jan. 19, 2012, 2:00 PM), <http://www.guardian.co.uk/environment/2012/jan/19/gm-microbe-seaweed-biofuels>.

U.S. Dist. LEXIS 22015, at *9 (W.D. Wash. Feb. 6, 1996) (“According to Amgen, ‘make’ should be interpreted in its ordinary sense; thus, when Elanex ‘grew up’ its cells it made more cells, thereby infringing the [patent].”) If the doctrine of patent exhaustion were improperly extended to the routine growth of recombinant host cells, this could have a devastating effect on investment in the production of new biologic drugs made from recombinant cells. If patents on recombinant cells used to make new drugs could be easily circumvented by reliance on the exhaustion doctrine, the deleterious effects on the pharmaceutical industry could be even greater than in the agricultural arena.¹³

Permitting unauthorized copying of a patented article as a use after an authorized sale would also negatively affect industries where the patented article must be copied for use. For example, in the computer industry, patented computer programs are sold subject to a license agreement and then copied onto the destination computer for use. This “making” of a separate copy on the destination computer does not entitle the purchaser to make multiple other copies for multiple computers without obtaining the patentee’s permission, by way of license, to do so. In like manner, Monsanto sold its original seeds subject to a license agreement, yet that original sale did not exhaust Monsanto’s right as a patentee to enjoin Mr.

13. For example, any number of biologic drugs has been developed that, according to a recent Federal Trade Commission report, “have improved medical treatments, reduced suffering, and saved the lives of many Americans.” FEDERAL TRADE COMMISSION REPORT, EMERGING HEALTH CARE ISSUES: FOLLOW-ON BIOLOGIC DRUG COMPETITION i (2009), *available at* www.ftc.gov/os/2009/06/P083901biologicsreport.pdf.

Bowman's making and use of "copied" commodity seeds. Similarly, computer code is not "self-replicating" (although networked computers could no doubt be programmed to disseminate the program throughout all the computers attached to the Internet) because programming and dissemination would require the intervening agency of an infringer to make multiple copies of the program and benefit thereof. Such infringing activity is directly analogous to Mr. Bowman's acts of replanting the commodity seed, growing the crop in the presence of Roundup® to eliminate weeds and reaping the resulting economic benefit.

A similar argument can be made for the new area of nanotechnology, which has the possibility of producing "self-replicating" machines.¹⁴ Although this technology is only in its infancy, the negative effects of any construction of the patent law that permits "making" to be an exhausted "use" can be expected to retard investment in further development of this technology.

14. See ROBERT A. FREITAS & RALPH C. MERKLE, *KINEMATIC SELF-REPLICATING MACHINES* (Landes Bioscience, 2004).

CONCLUSION

IPO urges this Court to find that Mr. Bowman's replanting of commodity seed was an infringing act that constituted a reconstruction of Monsanto's patented recombinant seed. Any other decision would unnecessarily impede progress in the agricultural biotechnology field, with deleterious consequences for developing technologies to address the need for increasing food production and reducing hunger, in the U.S. and globally. Such a decision is unnecessary to properly constrain the exercise of the patent grant and a decision in Monsanto's favor is entirely consistent with more than a century of this Court's precedent on the proper provenance of the patent exhaustion doctrine.

Respectfully submitted,

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David J. Koris Shell International B.V.	Kevin H. Rhodes 3M Innovative Properties Co.
Mark W. Lauroesch Corning Inc.	Mark L. Rodgers Air Products & Chemicals, Inc.
Allen Lo Google Inc.	Curtis Rose Hewlett-Packard Co.
Scott McDonald Mars Inc.	Matthew Sarboraria Oracle USA Inc.
Jonathan P. Meyer Motorola Solutions, Inc.	Manny Schechter IBM Corp.
Steven W. Miller Procter & Gamble Co.	Steven J. Shapiro Pitney Bowes Inc.
Douglas K. Norman Eli Lilly and Co.	Dennis C. Skarvan Caterpillar Inc.
Elizabeth A. O'Brien Covidien	

Appendix

Russ Slifer
Micron Technology, Inc.

Daniel J. Staudt
Siemens Corp.

Brian K. Stierwalt
ConocoPhillips

Thierry Sueur
Air Liquide

James J. Trussell
BP America, Inc.

Cheryl J. Tubach
J.M. Huber Corp.

Roy Waldron
Pfizer, Inc.

Michael Walker
DuPont

BJ Watrous
Apple Inc.

Stuart L. Watt
Amgen, Inc.

Paul D. Yasger
Abbott Laboratories