

# International Center for Technology Assessment

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**PIONEER HI-BRED INTERNATIONAL v.**  
**J.E.M. AG SUPPLY, FARM ADVANTAGE, et al.**  
534 U.S. \_\_\_\_ (2001)

## Analysis of Opinion

### **Background**

In February, 1998, Pioneer Hi-Bred International sued a small Iowa seed and agricultural supply company named Farm Advantage, its co-owner Marvin Redenius, and several of its sales representatives for infringement of seventeen (17) Pioneer hybrid (non-genetically engineered) corn seed plant patents. The legal action alleged that Farm Advantage purchased corn seed from licensed Pioneer seed dealers and then offered the seed for resale. Pioneer claims that unauthorized resale of its corn seed violates its patents because the company only allows authorized Pioneer sales representative to sell the seed.

In responding to the law suit, Farm Advantage raised numerous defenses including a fundamental challenge to the United States Patent and Trademark Office's ("PTO") decision to allow the patenting of plants. Farm Advantage claims that its resale did not infringe on Pioneer's patent because the patents were invalid as a matter of law.

The case J.E.M. Ag Supply, Inc. Farm Advantage, et al. v. Pioneer Hi-Bred International, Inc. ("Farm Advantage") was heard by the Supreme Court in the October 2001 term. With this case the Court was faced with the straightforward issue of whether the PTO had illegally extended "utility" patent protection rights, under §101 of the Patent Act, to sexually reproducing plants. (Section, §101, of the Patent Act defines what products can obtain a utility patent.) In a 1985 decision, Ex Parte Hibberd, the PTO decided, without congressional approval, to extend patent protection to seeds. Since that time it has granted more than two thousand seed patents.

Petitioner, "Farm Advantage," argued that Congress in passing the Plant Patent Act (1930) and the Plant Variety Protection Act (1970) had specifically excluded seeds from "utility" patenting. These laws do not provide for patenting of seeds but rather for an alternate form of breeder's rights over seeds which allows for seed saving and exchange by farmers, and for unencumbered research on seeds. Farm Advantage maintained that the PTO was acting in an illegal manner and directly contrary to congressional intent in its continued granting of utility patents to seeds. The Farm Advantage case was the first challenge to the legality of the PTO's allowance of seeds to be patented. On December 10, 2001, the Supreme Court issued an opinion in the case.

### **Brief Overview of the Decision**

On December 10, 2001, by a vote of 6-2 the Supreme Court upheld the viability of the Pioneer Hi-Bred seed patents. Justice Thomas wrote the majority opinion joined by Rehnquist, Scalia, Kennedy, Souter and Ginsburg. Scalia wrote a brief concurrence. Justice Breyer wrote a dissenting opinion joined by Stevens. Justice O'Connor recused herself as she has in the past from cases involving Dupont (Pioneer is now owned by Dupont), a company in which she or her family appears to have some fiduciary relationship.

As noted, the central issue of the Farm Advantage case was whether Congress ever intended to give the PTO the authority to issue patent protection over sexually reproducing plants. Both Farm Advantage and CIA (in its amicus curiae brief for the American Corn Growers Association and National Farmers Union) argued that the legislative history of the Plant Patent Act ("PPA") and Plant Variety Protection Act ("PVPA") showed that Congress clearly rejected extension of patents to seeds and created an alternative intellectual property regime for seeds –the Plant Variety Protection Office administered by the USDA.

Justice Thomas' opinion completely ignores the congressional intent behind the PVPA and validates the PTO's ability to continue issuing utility patents over sexually reproducing plants (i.e. seeds). Thomas took the extraordinary view that passage of the PVPA as an alternative to patenting was somehow not specific rejection by Congress of the PTO's ability to grant seed patents. Neither Pioneer, nor any lower court opinion in this case, had ever even suggested this incoherent view of the PVPA. All had recognized that the PVPA undisputedly rejected seed patenting as an option.

The Thomas opinion states that because the actual text of the PPA and PVPA do not specifically state that patents cannot be issued over seed, then Congress actually allowed the PTO to extend patents to seeds. As pointedly noted in the Breyer dissent, the Thomas opinion completely ignores the clear legislative history of the Congressional creation of the PVPA. Specifically, in 1968 Congress rejected extending the patenting of seeds, and then later crafted compromise legislation, the PVPA, to grant a lesser form intellectual property to plant breeders.

The contorted reasoning in the Thomas opinion reflects the difficult task this case presented for the majority. Any rational analysis of the legislative history of the PVPA would leave no doubt as to its rejection of the patenting option for seeds. However this would mean the Supreme Court rescinding more than two thousand seed patents, which would not sit well with agribusiness. In a battle between business interests and the law, big business won the majority of the Court, no matter how legally incomprehensible the opinion.

The Thomas opinion may however have some unforeseen consequences which could come back to haunt the Court. Thomas' extremely myopic view of legislation, limiting analysis to the letter of the statute and ignoring intent and purpose, if it were followed in other cases could lead to legislative chaos. Congress would be forced to try and include in the actual text of each law all of the contingencies and potential federal agency actions that the law precludes. For example, the Clean Water Act would have to include in its text a specific prohibition of the EPA unilaterally determining there is an entirely different way, outside the scope of the Clean Water Act, in which the EPA can regulate discharge of water pollution. Congress simply cannot specifically enumerate each and every potential contingency or preclude option with each bill. Thus, in attempt to ensure that corporations can patent seeds Justice Thomas has oddly granted agency's extraordinary power to ignore laws passed by Congress and to implement their own regulatory regimes without concern for Congressional intent. It is unlikely that Thomas or the justices joining him understood the implications of his contorted ruling. They simply wanted avoid rescinding all seed patenting in the United States. However, should Thomas' contempt for congressional intent and legislative purpose continue as a legal trend this decision and future similar rulings could threaten our democratic process of creating law.

### Excerpts for the Opinion

(A). Excerpts from the Justice Thomas' Opinion (concurring opinion by Justice Scalia)

. . . The 1930 PPA conferred patent protection to asexually reproduced plants. Significantly, nothing within either the original 1930 text of the statute or its recodified version in 1952 indicates that the PPA's protection for asexually reproduced plants was intended to be exclusive. (Emphasis added).

. . . Importantly, chapter 15 nowhere states that plant patents are the exclusive means of granting intellectual property protection to plants. Although unable to point to any language that requires, or even suggests, that Congress intended the PPA's protections to be exclusive, petitioners advance three reasons why the PPA should preclude assigning utility patents for plants. We find none of these arguments to be persuasive.

(B). Excerpt from Justice Breyer's Dissent (Joined by Justice Stevens):

. . . I believe that the words "manufacture" or "composition of matter" do *not* cover these plants.

That is because Congress intended the two more specific statutes to exclude patent protection under the Utility Patent Statute for the plants to which the more specific Acts directly refer. And, as the Court implicitly recognizes, this Court neither considered, nor decided, this question in *Diamond v. Chakrabarty*, 447 U.S.303 (1980). Consequently, I dissent.

. . . Nothing in the history, language, or purpose of the 1970 statute suggests an intent to reintroduce into the scope of the general words “manufacture, or composition of matter” the subject matter that the PPA had removed, namely plants. To the contrary, any such reintroduction would make meaningless the two exceptions—for planting and for research—that Congress wrote into that Act. It is not surprising that no party argues that passage of the PVPA somehow enlarged the scope of the Utility Patent Statute.

### Next Steps

The Farm Advantage case was the best opportunity available to overturn the 1985 decision by the PTO to allow the patenting of plants. However, while this crucial battle was lost, the campaign to halt plant patenting is far from over. Potentially effective legislative and litigation efforts must be launched quickly to respond to this decision.

(A). Legislative Action – All that is needed to overturn the Thomas opinion is one sentence added to the PVPA. This sentence would simply affirm that the PVPA is intended by Congress to be the sole manner of gaining intellectual property rights over seeds. Significant pressure must be mounted by the farm community to make this small but crucial amendment to the PVPA. CTA has already been contacted by several farm and agriculture groups eager to launch this battle. This decision while deeply unfortunate does allow for a unique education campaign to farmers on the dangers of seed patenting. Obviously, explaining to farmers and small agricultural businesses that Clarence Thomas has taken away their rights to save, or exchange seeds is a powerful message and rallying cry. Moreover, it is important to note that two of the most progressive members of the court agreed with the Farm Advantage and CTA view of the PVPA. This should be helpful with the formidable task of mobilizing Democratic legislators behind the effort.

(B). Legal Action – There are two legal strategies that will continue to put pressure on plant patenting. The first such strategy is to file further legal challenges against the broad policy of allowing seed patents. The Farm Advantage case challenged the patenting of seed under only one section of the Patent Act (§101). However there are other sections of the Patent Act violated by seed patenting. These Patent Act requirements, including such areas as the legality of description and deposit requirements, cannot be legally met in the area of sexually reproducing plants. The inherent inability of seed patenting to conform with traditional patent law was a major reason Congress rejected the patenting option when passing the PVPA. CTA legal staff is working with other attorneys to file these subsequent challenges to the broad policy of the patentability of seeds.

A more narrow approach is to challenge a number of specific plant patents creating useful precedent for a wide ranging rescission of plant patents. Over several years CTA worked with Vandana Shiva and other Third World activists to legally challenge the patents by a U.S. company, RiceTech Inc., on Basmati rice. Earlier this year, the challenge to that patent, ultimately brought by the Indian government, resulted in the rescission of 17 out of 19 patent claims on Basmati rice.

Additionally, CTA has recently consulted on several legal challenges to specific plant patents. One such case was decided on August 8, 2001 when patents on broccoli sprouts were invalidated. The Federal District Court for the District of Maryland found the patents invalid because the subject matter, sprouts, lacked novelty. Courts, and even the PTO itself, are showing that patent challenges can succeed. The task for the public interest community is to significantly increase the number of legal challenges to such seed patents.

## **Conclusion**

The Farm Advantage case was an unprecedented challenge to agribusiness and the whole concept of seed patenting. Marvin Redenius, the owner of Farm Advantage deserves our deepest appreciation for his courage and tenaciousness in fighting Pioneer (and then DuPont) in this multi-year battle. Bruce Johnson the principal attorney in the case also did an extraordinary job in representing Farm Advantage and defending the rights of farmers everywhere. CTA was proud to be involved in the case as legal and funding support. We also wish to recognize the American Corn Growers Association and National Farmers Union for joining in an Amicus brief in support of Farm Advantage. As the legal battles continue and the legislative battle begins, hopefully this case can become a national rallying cry for farmers, small agricultural businesses and activists against the corporate enclosure of the seeds of the earth.