Legal Backgrounder Washington Legal Foundation
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2009 Massachusetts Ave., NW
Washington, D.C. 20036

Vol. 17 No. 5 January 25, 2002

HIGH COURT UPHOLDS UTILITY PATENTS ON GENETICALLY-ENHANCED SEEDS

by

Honorable Gerald J. Mossinghoff

In a victory for research and development companies that develop genetically modified plants — and for consumers who benefit directly from that research and development — the U.S. Supreme Court decided on December 10, 2001, that seeds and seed-grown plants can be patented. The decision in *J.E.M. Ag Supply v. Pioneer Hi-Bred International*[1] was the first Supreme Court test of a 1985 decision of the U.S. Patent and Trademark Office to grant utility patents on plants.[2] In addition, it was the first Supreme Court decision in two decades to rule on the scope of the section of the patent code — 35 U.S.C. § 101 — that defines what is eligible for patenting.

At issue in the *J.E.M.* case was whether the Plant Patent Act of 1930 ("PPA"), 46 Stat. 376, 35 U.S.C. §§ 161-64, and the Plant Variety Protection Act of 1970 ("PVPA"), 84 Stat. 1542, 7 U.S.C. §§ 2321 *et seq.* foreclosed general utility patents for seed-grown plants. The Supreme Court held that such utility patents were authorized by Congress. Justice Thomas wrote the opinion for a six-Justice majority including the Chief Justice and Justices Scalia, Kennedy, Souter, and Ginsburg. Justice Scalia filed a concurring opinion, and Justice Breyer filed a dissenting opinion in which Justice Stevens joined.

In reaching its decision, the Court used the landmark *Chakrabarty* decision as its point of departure, stating:

As this Court recognized over 20 years ago in *Chakrabarty*, 447 U.S. at 308,

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[1] _____U.S._____(2001). The decision in *J.E.M.* is in line with the *Amici Curiae* brief filed by the Washington Legal Foundation and the Allied Educational Foundation.

[2] *Ex parte Hibberd*, 227 USPQ 443 (Bd. App. 1985).

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> the language of § 101 is extremely broad. 'In choosing such expansive terms as 'manufacture' and 'composition of matter,' modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope.' Ibid. This Court thus concluded in *Chakrabarty* that living things were patentable under § 101, and held that a manmade micro-organism fell within the scope of the statute. As Congress recognized, 'the relevant distinction was not between living and inanimate things, but between products of nature, whether living or not, and human-made inventions.' *Id., at 313.*

Referring to the infringers' arguments specifically, Justice Thomas stated:

> Petitioners essentially ask us to deny utility patent protection for sexually reproduced plants because it was unforeseen in 1930 that such plants could receive protection under § 101. Denying patent protection under § 101 simply because such coverage was thought technologically infeasible in 1930, however, would be inconsistent with the forward-looking perspective of the utility patent statute. As we noted in *Chakrabarty*, 'Congress employed broad general language in drafting § 101 precisely because [new types of] inventions are often unforeseeable.' *Ibid.*
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> By passing the PVPA in 1970, Congress specifically authorized limited patent-like protection for certain sexually reproduced plants. Petitioners therefore argue that this legislation evidences Congress' intent to deny broader § 101 utility patent protection for such plants. Petitioners' argument, however, is unavailing for two reasons. First, nowhere does the PVPA purport to provide the exclusive statutory means of protecting sexually reproduced plants. Second, the PVPA and § 101 can easily be reconciled. Because it is harder to qualify for a utility patent than for a Plant Variety Protection (PVP) certificate, it only makes sense that utility patents would confer a greater scope of protection.
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> Because of the more stringent requirements, utility patent holders receive greater rights of exclusion than holders of a PVP certificate. Most notably, there are no exemptions for research or saving seed under a utility patent. Additionally, although Congress increased the level of protection under the PVPA in 1994, a plant variety certificate still does not grant the full range of protections afforded by a utility patent. For instance, a utility patent on an inbred plant line protects that line as well as all hybrids produced by crossing that inbred with another plant line. Similarly, the PVPA now protects 'any variety whose production requires the repeated use of a protected variety.' 7 U.S.C. § 2541(c)(3). Thus, one cannot use a protected plant variety to produce a hybrid for commercial sale. PVPA protection still falls short of a utility patent, however, because a breeder can use a plant that is protected by a PVP certificate to 'develop' a new inbred line while he cannot use a plant patented under § 101 for such a purpose.

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The Supreme Court, therefore, affirmed the decision of the Federal Circuit written by Judge Pauline Newman.[3] Referring to the infringers' argument, which was similar to that presented by Justice Brennan in his dissent from the *Chakrabarty* decision, Judge Newman stated in her decision that:

> Dissenting opinions are often helpful in showing positions that were not adopted by the court.

200 F.3d at 1378

In his concurring opinion, Justice Scalia saw the case as presenting:

> …an interesting and difficult point of statutory construction, seemingly pitting against each other two perfectly valid canons of interpretation: (1) that statutes must be construed in their entirety, so that the meaning of one provision sheds light upon the meaning of another; and (2) that repeals by implication are not favored.

The question, in his view, was whether the term "composition of matter" included living things and he concluded that "there was no way in which 'composition of matter' could be regarded as a category separate from plants, but not separate from other living things." In his mind, the *Chakrabarty* decision ruled that such an issue was no longer an "open question" and, therefore, "the canon against repeal by implication comes into play, and I agree with the Court that it determines the outcome. I therefore join the opinion of the Court."

In his dissent, Justice Breyer bought into the infringers' argument. He stated:

> 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*.

Justice Thomas responded:

> Justice Breyer argues that *Diamond v. Chakrabarty*…cannot determine the outcome of this case because it did not answer the precise question presented….But this simply misses the mark. *Chakrabarty* broadly interpreted the reach of § 101. This interpretation is surely germane to the question whether sexually reproduced plants fall within the subject matter of § 101. In addition, *Chakrabarty's* discussion of the PPA and the PVPA is relevant to petitioners' primary arguments against utility patent protection for sexually reproduced plants.

The *J.E.M.* decision has significance well beyond its obvious importance to those who invest in

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[3] *Pioneer Hi-Bred International v. J.E.M. Ag Supply*, 200 F.3d 1374 (Fed. Cir. 2000).

developing genetically engineered plants:

(1) As already noted, *J.E.M.* is the Supreme Court's first decision in two decades on the patent-eligibility section of the patent code. Only the Chief Justice and Justice Stevens took part in the landmark *Chakrabarty* decision and the perhaps equally important decision in *Diamond v. Diehr*, 450 U.S. 175 (1981), which clarified that "software" was not off limits to patent protection.

(2) In its *State Street Bank*[4] decision regarding business method patents, the Federal Circuit relied heavily on *Chakrabarty's* test that "anything under the sun that is made by man" is patentable. A majority of the current Supreme Court now seems to have adopted that approach in the *J.E.M.* case.

(3) The *J.E.M.* decision is a welcome affirmation of the importance of intellectual property by the U.S. Supreme Court at a time of major challenges to the underlying premise of strong intellectual property protection. These challenges are reflected in:

- The Qatar Declaration of November 14, 2001 concerning the interpretation of Trade Related Aspects of Intellectual Property Rights, or TRIPS, by the World Trade Organization;

- Efforts to weaken the protections, such as they are, of the Hatch-Waxman law for the U.S. research-based pharmaceutical industry;

- The round of hearings on intellectual property and the antitrust laws to be launched early this year by the Federal Trade Commission, and

- The persistent and damaging underfunding of the U.S. Patent and Trademark Office resulting from the diversion of inventors' user fees to other totally unrelated government programs.

History has shown that intellectual property provides the needed fuel to power the engine of technological growth and development — to paraphrase President Lincoln. The Supreme Court in *J.E.M.* implicitly recognizes this important principle.

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[4] *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368 (Fed. Cir. 1998), *cert. den.*, 525 U.S. 1093 (1999).