IN THE SUPREME COURT OF THE UNITED STATES

- - - - - - - - - - - - - - - - - -X

J.E.M. AG SUPPLY, INC., DBA :

FARM ADVANTAGE INC., ET AL., :

Petitioners :

v. : No. 99-1996

PIONEER HI-BRED :

INTERNATIONAL, INC. :

- - - - - - - - - - - - - - - - - -X

Washington, D.C.

Wednesday, October 3, 2001

The above-entitled matter came on for oral argument before the Supreme Court of the United States at 11:14 a.m.

APPEARANCES:

BRUCE E. JOHNSON, ESQ., Des Moines, Iowa; on behalf of the Petitioners.

EDMUND J. SEASE, ESQ., Des Moines, Iowa; on behalf of the Respondent.

LAWRENCE G. WALLACE, ESQ., Deputy Solicitor General, Department of Justice, Washington, D.C.; on behalf of the United States, as amicus curiae, in support of the Respondent.

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

C O N T E N T S

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

P R O C E E D I N G S

(11:14 a.m.)

CHIEF JUSTICE REHNQUIST: We'll hear argument next in No. 99-1996, J.E.M. Supply, Inc. v. Pioneer Hi-Bred International.

Mr. Johnson.

ORAL ARGUMENT OF BRUCE E. JOHNSON

ON BEHALF OF THE PETITIONERS

MR. JOHNSON: Mr. Chief Justice, may it please the Court:

35 U.S.C., section 101 is set out at page 19a in the appendix of the blue brief.

The patents in this case that have been issued on plant varieties under section 101 of title 35 are invalid. They're invalid because Congress has enacted a specific statutory scheme that it crafted to govern Federal statutory protection over this particular type of living thing, plant varieties.

The enactment of Congress by this specific statutory scheme that it designed to provide the Federal right to exclude others from reproducing plant varieties evidences Congress' intent that it plant-specific Federal statutory scheme is intended to provide the exclusive Federal statutory means of excluding others from reproducing plant varieties.

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

QUESTION: The rights conferred by the statute you're referring to are somewhat different than the patent statute, aren't they?

MR. JOHNSON: I do not -- no, that is not correct, Mr. Chief Justice. The right that the patents claim in this case, the plant patent -- or the 101 patents claim in this -- in this case, is the right to exclude others from sexually multiplying the corn plant varieties in this case or to use or sell corn plant varieties that have been developed by sexual multiplication and -- and produced by sexual multiplication. So, without using these patents to exclude others from the right of sexually multiplying these corn plants, the patent rights contended for in this case would be of no value whatsoever.

QUESTION: But I -- I had understood from the briefs that the rights conferred under the Plant Act are different in some respects from that under the general patent section. Am I wrong in that?

MR. JOHNSON: Yes, Mr. Chief Justice.

The attribute that is protected under the plant-specific acts is under the Plant Right of Protection Act of 1970, the right to exclude others from sexually multiplying that plant.

Now, this -- the statute is designed for particular types of plants that require the ability to

sexually reproduce on a large scale in order to be commercially valuable, and these are plants that are only valuable if they can be produced commercially by seed.

Now, the -- the corn plants at issue in this case -- the patents seek to protect the same utilitarian feature or attribute of these corn plants, and that is the right to sexually multiply -- exclude others from sexually multiplying these corn plants.

QUESTION: Let me ask you a specific question. Under the PVP, can a farmer who buys the -- raises a crop one year save seed to use for himself the next year? If that's the only protection that the -- that the developer has is under the PVP, can the farmer do that?

MR. JOHNSON: Yes, Mr. Justice Souter.

QUESTION: All right. Can the farmer do that if the protection is under section 101?

MR. JOHNSON: No, Mr. Justice.

QUESTION: Then isn't the answer to the Chief Justice's question yes, there is a difference in the rights which are conveyed by 101 and by a PVP license, respectively?

MR. JOHNSON: Yes, Justice Souter.

QUESTION: Well, then why didn't you answer me that way in the first place?

MR. JOHNSON: I -- Mr. Chief Justice, because I

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

misapprehended the nature of the question and I thought that you were asking about the attributes -- the attributes protected.

And yes, the rights that are contended for under the patent would be rights that do not -- that do not include the exceptions that Congress has specifically legislated in the Plant Variety Protection Act, one of which would be the seed saving exemption, which was reaffirmed in the '94 amendments.

And another crucial exception is the research exception because by the -- the use of patents, the free exchange of plant genetic material which had occurred prior to the use of patents, is prohibited by patents because the seed companies now contend that under the patent statute, since there's no research exemption, then they can lock up the genes of the plant varieties on which they have obtained patents.

Those are two important distinctions between the rights conferred.

Now, section 2541 -- section 2402 of the Plant Variety Protection Act --

QUESTION: Before you go on, has any court ever held that it would be patent infringement for the farmer to save the seeds?

MR. JOHNSON: Yes, Your Honor. There are many

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

suits in litigation now where district courts have held in a judgment against farmers for saving seed that are subject to patents. And this is -- this is even true in cases of -- for example, one of the amici in this case, Delta and Pine Land Company --

QUESTION: These are cases in the district courts. How about courts of appeals?

MR. JOHNSON: I do not believe that -- that I know of -- that a seed saving case has reached a court of appeal -- a court of appeal yet.

QUESTION: Does the PTO have a position on it?

MR. JOHNSON: The Government is arguing as an amici for Pioneer, for the -- for the appellee in this case.

QUESTION: Yes, but this case doesn't focus on the saving seed exception.

But in distinguishing the utility patent from a PVP certificate, or whatever it is, you have pointed out that the utility patent is more beneficial to the patent holder because the farmer can't even use the descendants of the first seeds to plant again. So that -- that's -- and I asked you if the -- that -- that was the position, that that's the interpretation of the utility patent, that is the interpretation of the PTO. And I think you said yes.

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

MR. JOHNSON: I have not seen anything on that position -- that position, one way or another, from the PTO.

QUESTION: As far as the -- the issue that is before us, we do have a position of the PTO and of the Federal circuit, both having more expertise than the rest of the Federal court we're on in these questions. Don't we owe those decision makers some deference?

MR. JOHNSON: Justice Ginsburg, I believe that this case is a case of statutory construction. With regard to the Chevron deference to the PTO, the Congress has specifically legislated on the precise issue that the PTO has decided, that is, the issue of whether or not it has authority under section 101 to grant patent -- utility patents on plant varieties. Congress has specifically addressed this issue on three different occasions historically and ruled on it. And I do not believe that Chevron deference is -- can be accorded to an agency when Congress has specifically legislated.

Further, we are --

QUESTION: Where has Congress said you can't get a utility patent on a plant? Congress has set up two other protective regimes that are different from the utility patent. But where has it ever says -- said these exclude a patent?

MR. JOHNSON: It has explicitly stated this in legislative acts on two occasions. In 1930, when it enacted the Townsend-Purnell Plant Patent Act, it amended section 4886 of revised statutes by adding to it language allowing --

QUESTION: Because it thought, at least in part -- it thought that a plant couldn't qualify for a utility patent. So, it wanted to have something. Science has advanced. This Court acknowledged that you could get a utility patent for whatever was the bacteria that was in the Chakrabarty case.

MR. JOHNSON: Let me go back, if I may, for a moment, and I'll answer your question on Chakrabarty.

In 1930, Congress placed -- or added to section 4884 of revised statutes the limitation on the -- that it was -- the right was limited to asexual reproduction -- excluding others from asexually reproducing the plant. But it is important to note -- and this is set out at cert. app., page -- appendix 42.

You will also see section -- I think it's 4888 of revised statutes. And in that section, Congress in 1930 inserted the -- or put in the provision that relaxed the written description requirement. Now, if --

QUESTION: This is section 4884?

MR. JOHNSON: This is in the petition

appendix --

QUESTION: Page 42 of the --

MR. JOHNSON: Page 42.

QUESTION: And which of the sections that are cited there are you referring to?

MR. JOHNSON: Just a moment here. Section 4888. It put in the relaxed written description requirement.

Now, there were two reasons why, as Justice Ginsburg points out, there was some historic -- there was some historic feeling against patents on plants. It was a living thing, a product of nature doctrine, written description. It relaxed the written description in 4888.

If the language that Thomas Jefferson penned in 1793, which is the definitional language for utility patents -- and he was a plant breeder, knew what plants were -- if that language already subsumed plants, then the only thing that Congress needed to do in 1930 was to add section 4888.

And if it decided that it wanted to somehow -- if -- if the language that -- that Thomas Jefferson penned included plants in 1930 and it included sexual multiplication of plants and they wanted to limit it, then they could have just put in the asexual limitation. But what they did is, they put in all three sections in 1930 because it was their intent to expand the definitional

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

limits of section 4886, which was the definitional language that Thomas Jefferson originally wrote.

QUESTION: Well, in other words, there's the scheme established in 1930 and it is both more inclusive than a 101 patent, and it gives you fewer rights. But that isn't -- doesn't mean, to track Justice Ginsburg's initial question, that this is an explicit prohibition on issuing a patent under 101.

MR. JOHNSON: We have to give meaning to what Congress did in 1930. It did not --

QUESTION: If you want to say if -- that we should infer it, fine. That's your argument, but it's not an explicit prohibition.

MR. JOHNSON: In 1950, in the revision of the Patent Act, Congress dissembled section 4886 and placed the plant patent language from 4886 in a separate chapter, and kept the Thomas Jefferson language in -- and placed that in section 101. And the other language from 486 and 488 -- or 4888 and 4884 were also placed in chapter 15, a separate plant-specific act.

Now, if the language -- if the definitional language of 101, the other definitional language, subsumed plants, there would be no reason to -- to take that legislative action.

QUESTION: Then why -- why shouldn't Chakrabarty

have come out the other way? Because Chakrabarty involved a plant. It involved, I guess, an asexually reducing plant. I don't think bacteria reproduce sexually. And it seems to me on your reasoning, the Court in Chakrabarty should have said this is the paradigm example of what was covered by the -- or what is covered by the PPA and therefore it shouldn't fall under 101. And the Court went the other way. So, explain to me why -- why Chakrabarty is not a problem for you.

MR. JOHNSON: What the Court did in Chakrabarty was affirm Judge Giles Rich's footnote 25 in the underlying circuit court case, Application of Bergy. In Chakrabarty, the patented item was an oil-eating bacteria. Now, the Court discusses in Chakrabarty. Nobody knows exactly why, but bacteria are specifically excluded from the Plant Variety Protection Act.

QUESTION: They're -- they're -- yes, the PVP but they're not expressly -- I guess the -- the PPA doesn't say anything about them one way or the other. It simply remains the case that under the PPA, this is a -- the PPA deals with a -- with a plant insofar as it is a non-sexually reproducing or a non-sexually reproduced -- and I think that's the -- the fact that the Court had before it in Chakrabarty.

MR. JOHNSON: Well, in Chakrabarty, Justice

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

Souter, the dissent argued that the existence of the plant-specific acts evidenced Congress' intent that no living thing could be subject to a 101 patent. The majority, 5 to 4, the tie-breaking vote said, that's not true. It -- it doesn't mean that the mere fact that something is living denies that item potential or possible section 101 -- a section 101 patent. And it -- it discussed these plant-specific acts.

Then in the last paragraph of Chakrabarty, it tells us the two ways in which Congress can evidence its intent to exclude a specific type of living thing from section 101 coverage. It says, one, it can just -- it could explicitly do -- it can explicitly state that carve-out, and it used the carve-out of patenting of materials that could be employed in nuclear weapons as an example of a specific carve-out.

And then it said secondly it can craft a specific statute designed to provide protection for a particular type of living organism. And in that -- in this case, that -- in the case of the PVP and the PPA, that is plant varieties.

And Justice Rich stated this explicitly in the underlying opinion, Application of Bergy, which the Chakrabarty Court, of course, read and -- and was aware of when it wrote this paragraph. Justice -- or Judge Giles

quoted this -- this piece of legislative history where the Senator said, anything under the sun that is made by man. It is this piece of legislative history that Pioneer's case is built upon. That's the foundation.

QUESTION: No, but could we go back, though, to the facts of -- of Chakrabarty? Because the problem that I -- I have is it seems to me that on -- on just the authorities that you're speaking of, Chakrabarty probably should have come out the other way because you had a specific statute, the PPA, which covered this asexually reproducing plant, a bacterium, and yet the Court did not say that the coverage of 101 was thereby defeated. And -- and maybe I'm missing something. I don't understand why, on your theory, it shouldn't have come out the other way.

MR. JOHNSON: I don't believe that the Chakrabarty Court viewed the bacterium as a plant.

QUESTION: Well, what else could it view it as? I mean, I --

MR. JOHNSON: They spoke --

QUESTION: I went to the dictionary. I -- I wasn't sure myself, and I went to the dictionary, and the dictionary says it's a plant.

MR. JOHNSON: I -- the Chakrabarty Court spoke of it as a microorganism.

QUESTION: Which is a generic term.

MR. JOHNSON: And the -- as -- as I read Chakrabarty, their discussion of the PVPA and their discussion of the PPA was for the purposes of explaining historically how they evolved and to disassemble the dissent's argument that those two -- that those two specific acts meant you couldn't patent any living thing. I do not think --

QUESTION: Well, I don't want to prolong this.

MR. JOHNSON: Yes.

QUESTION: But I take it then on -- on your position, if we assume that the bacterium is a plant and it asexually reproduces, the decision in Chakrabarty should have been that it's covered by the PPA and there's no 101 patent.

MR. JOHNSON: If it would -- if it would be a plant variety and if reproducing by dividing, which is not sexual -- it's certainly not sexual multiplication as -- as plants do it, then that would be -- then the decision should have been that it could have qualified for a PPA patent.

QUESTION: And therefore, it couldn't qualify for a 101. Right?

MR. JOHNSON: Yes. It would not -- well --

QUESTION: On -- on your --

MR. JOHNSON: It would not be blocked. It would

not be blocked from a 101 patent simply on the basis that it is alive.

QUESTION: No, but it would be blocked by the fact, on your reasoning, that it was covered by PPA.

MR. JOHNSON: Yes.

QUESTION: Okay.

QUESTION: But is -- has anybody ever held it was a -- a bacterium is a plant? I mean --

MR. JOHNSON: I have not --

QUESTION: -- did any court ever say that or the Patent Office or somebody?

MR. JOHNSON: I have never seen anything, you know, of that.

QUESTION: So, the dictionary --

QUESTION: My -- my dictionary holds that.

(Laughter.)

QUESTION: Maybe when Chakrabarty was decided people didn't look so carefully at dictionaries as they do now.

(Laughter.)

QUESTION: Because certainly the opinion doesn't say this, does it? The opinion doesn't call the bacteria a plant.

MR. JOHNSON: I certainly didn't -- it took pains to point out that -- well, it said one of the

reasons why the PVPA may have exclusive -- or explicitly excluded it was because it may have felt that it wasn't a plant. I think there was some case somewhere that they cited that had alluded to that.

QUESTION: Mr. Johnson, there's one piece of this case that's somewhat disturbing in that -- in that am I right in thinking that it is relatively harder to get a utility patent, that you have to convince the PTO and you have to have more documentation and involve yourself with a lawyer's fee -- much harder to get a 101 registration than it is to get a certificate under the PVPA?

MR. JOHNSON: Well, I saw a lot of that in amici briefs, but there's not a scintilla of evidence on it in the record.

QUESTION: But are you --

MR. JOHNSON: I think the --

QUESTION: Are you suggesting that -- let's take this case -- that this particular item could not have qualified, maybe it wouldn't qualify for a PVPA certificate?

MR. JOHNSON: Every -- all 17 corn plant varieties that are the subjects of the patents that we have challenged in this case also applied for and obtained Plant Variety Protection certificates.

QUESTION: Oh, so they do have both. They do

have the dual protection.

MR. JOHNSON: In this case, they do have both, and there's --

QUESTION: And I thought that the infringing action here would infringe a PVP certificate as well. I thought your position was -- was -- and I must be wrong about that -- that -- that you would be an infringer if they had a 101 patent.

MR. JOHNSON: First --

QUESTION: But they don't have a 101 patent, so they have nothing.

MR. JOHNSON: Right. We weren't sued under the PVP Act. We were sued under the Patent Act, number one.

Number two, we never sexually multiplied the seed nor did we engage in any act which involves further multiplication or propagation of the plant. And under the Plant Variety --

QUESTION: So, you're telling me they did have the dual protection, but either they chose not to charge you with -- with infringing on the PVP protection or you didn't do anything that would infringe that protection.

MR. JOHNSON: We -- we didn't do anything to infringe it. The -- the section 2541(d) is set out at page 18 of the appendix of the blue brief. And it says that any of the above acts -- and all the other acts that

are listed as infringement, which would include selling -- are not infringements unless they involve further propagation of the protected variety.

The reason that that provision is in there is because in 1970, the brokerage business in seed corn and cotton seed, soybean seed was already a thriving business. It was not the intent of Congress to inject itself into marketing situations that are governed by State law or by the Federal Seed Act. It had one thing in mind and that was to regulate the right to exclude others from sexually multiplying plant varieties. It wasn't in the market of suing people who just bought the bagged seed, didn't do anything with it, sold it to farmers who just planted that seed and took it to the elevator.

So, it's not a PVP violation, number one, and number two, we weren't sued under the Plant Variety Protection Act anyway. We were sued under the Patent Act. It was the act of choice.

Now, the 1970 Plant Variety Protection Act provides at section 2581 that the purpose of the act is to provide adequate encouragement for research. Congress -- the presidential commission was convened in 1965 to decide what sort of protection should we give to sexually reproducing plants. '68 the Senate Patent Subcommittee had hearings on amending title 35. There was -- there

were objections. It took no further action.

Hearings continued in the Agriculture Department, and this 1970 PVP Act came out to -- to provide adequate protection to encourage research. That was Congress' intent in crafting this statute. They set up a separate agency. They set up a separate board with mandated representation of affected political interests, including farmers, including the public sector, including researchers. They set up the seed saving exemption, the research exemption.

Now, if -- if the argument is accepted that, well, the reason that Congress did this was because they misapprehended the ability to -- of technology to advance and make it easier to, say, identify or describe a plant variety or because of some other technological advance, well, if -- that is simply saying that the intent of Congress in 1970 was based on a mistaken apprehension or something that's proved mistaken today.

But to take that position assumes that if Congress had apprehended correctly, as Pioneer's amici said they should have, then that Congress would have simply adopted section 101 without the special agency, which -- without the board, which is -- which has to have representatives of experts from the various varieties, without seed saving, without research, without all of the

distinctions that it specifically intentionally enacted in the Plant Variety Protection Act, and that is too great a leap for us to take in my -- in a judicial setting.

It's a political question. It's a question for Congress to answer and Congress has answered it. Everything that went into the crafting of the Plant Variety Protection Act was the result of politics.

And that is if -- if in some fashion, which I see a lot -- a lot of the -- of Pioneer's and its amici's argument points out that, well, it now looks like its a better idea to have patent protection than Plant Variety Protection Act protection. Well, that is an argument to be made in the -- on the Hill to the Congress where they have the resources to examine all of this evidence that has been put before this Court in the amici briefs that is not in the record in this case.

As far as the ease -- the record -- the evidence that's in the record in this case is that it's harder to get a Plant Variety Protection certificate because there was the corn hybrids that were patented in this case. The inbred parents were not deposited, only the hybrid seed. The hybrid seed, when you plant it, you get all different types of plants. You cannot recreate the hybrid without having the inbred parents' deposit. The PVP requires deposit of the inbred seed.

The PVP requires that you give the breeding history. There's no requirement of that for the patent.

The PVP allows the research exemption. Why is that important? Because of this. The DNA in plants is a storehouse of knowledge, a storehouse of genetic knowledge. The RNA conveys that message and the message is manifested in the characteristics of the offspring of the plant. Only when you have -- when a plant breeder has the opportunity to actually grow the plant, observe it, cross it, observe and test the offspring can the plant breeder obtain the knowledge that is in the ostensibly patented plant. And without that -- without that opportunity, then the full disclosure that supposedly is made under the Patent Act when they patent plant varieties is not -- is not made.

And it is -- it is an extremely important matter that the Plant Variety Protection Act guarantees to the public, and that is the free use and transmission of genetic material, which patents are being used to stop. There's been, as you know, a extreme consolidation of the agricultural industry, and the switch to patents and the locking up of plant germ plasm is a key impetus in that consolidation.

If there are no further questions, I'll reserve the rest of my time.

QUESTION: Very well, Mr. Johnson.

Mr. Sease, we'll hear from you.

ORAL ARGUMENT OF EDMUND J. SEASE

ON BEHALF OF THE RESPONDENT

MR. SEASE: Thank you, Mr. Chief Justice, and may it please the Court:

In response to my colleague's representation that Pioneer's sole case here rests upon a snippet of statement in the legislative history of the '52 act, quoted in Chakrabarty where the Court said, machined or manufactured can include anything under the sun made by man, we do, of course, rely on that piece of legislative history, as did Chakrabarty.

But our case rests not upon that. Our case rests upon 35 U.S.C., section 101, which is in the regular patent statute that says, and the plain meaning of those words, as confirmed in Chakrabarty, that the corn plants that are patented here are either articles of manufacture or compositions of matter. Or the fact of the matter is, under the definitions cited with approval in Chakrabarty, they're both because these categories of statutory subject matter, under section 101 -- that is, they are sort of a gatekeeper. You got to pass through that gate to go on to the next criteria of whether you are new, useful, or nonobvious and can get a patent.

QUESTION: Well, I -- I suppose their point was that in many statutes, if A, B, and C are covered and C is then removed, we make the inference that C is not intended to be covered any longer. But in this case, the under the sun language shows that they are such expansive terms in 101, that perhaps we don't apply that usual rule and that you would prevail because of the terms being so general and so universal in their -- in their coverage.

MR. SEASE: Justice Kennedy --

QUESTION: I take it that's your position.

MR. SEASE: They -- that is our position. They need to be general because the patent law needs to fit ever-changing circumstances because today's science fiction is tomorrow's science, and we are not in a position to foresee what tomorrow's inventions will be. And so, from 1793 till now, the statute has been crafted and interpreted broadly. And the -- the terms, indeed, have been construed to overlap. And so, the categories that are expressed there are not necessarily exclusive --

QUESTION: May I --

MR. SEASE: -- something to fit one or more.

QUESTION: I didn't mean to interrupt you.

Will you comment? Would you go on from what you're saying to comment on -- on a point that Mr. Johnson made a moment ago? As I understand it, the -- the outline

of the argument is even though the language in 101 is indeed just as broad as -- as you say and even though Chakrabarty said living things aren't excluded, the existence of -- of a separate statute dealing with the same subject matter may be taken as -- as an implied repeal to some extent if there's a conflict.

And one argument for saying that there is no conflict here, as I understand it, is the argument that what is set up by section 101 on the one hand and the two separate plant statutes on the other are really two separate regimes. It's harder to get a 101 patent, so you get more protection. It's easier to get a -- we'll say, a PVP certificate, so you get less protection. And therefore, you shouldn't see them as -- as conflicting. You should see them as kind of hierarchical and the -- the applicant can choose what he wants.

Mr. Johnson says, as I understood him a minute ago, that that's not a sound argument because in fact he says it's more difficult to get a PVP certificate than it is to get a -- a 101 patent. And he -- he mentioned a couple of things that you have to do that you might not have to do under 101.

Would you comment on -- on that -- that difficulty point of his?

MR. SEASE: Yes. With all due respect to my

colleague, I believe he's wrong. The title 35 patents, the regular utility patents, require novelty, usefulness, and nonobviousness. This Court defined how one determines nonobviousness in Graham v. Deere in 1966, and it has been universally applied by the Patent Office and by the courts since that date. And as a matter of fact, the patents that we're sued on here, if you look in their file histories, one would see that they were routinely rejected for obviousness by the Patent Office, and that was the big hurdle that had to be overcome before they could issue.

The Plant Patent Act requires asexual and requires new, distinct, and probably also nonobviousness. The Patent Variety Protection Act requires new, distinct, uniform, and stable. There is no requirement whatsoever akin to nonobviousness in the Plant Variety Protection Act. And it in fact, Your Honor, is almost a registration system, very similar to like the copyright system where you file, you fill out a form, and it's granted without any kind of a rigorous examination as utility patents undergo in the United States. And our system, I might add, is recognized as one of the stronger ones in the world primarily because of our unobviousness requirement.

QUESTION: Is there any other situation in the realm of intellectual property where you have this kind of dual regime, where you have both the standard kind of

patents, then you have to the side of that a patent-like protection?

MR. SEASE: Justice Ginsburg, the answer to that is there's nothing like it in the patent world, but there are analogous dual systems, if you will, in the intellectual property world, whereas it's common, for example, for the same tangible item to have both design patent protection and to have copyright protection. That was looked at in the case of Mazer v. Stein. It is common for trade secret protection and patent protection to peacefully coexist --

QUESTION: You can have overlapping patents, trade secrets. But -- but this is kind of a specialized patent. It's called a plant patent. That, you say, is unique to plants.

MR. SEASE: I -- I think it is, Your Honor.

And the reason historically that it came about that we have these three separate regimes that occur for plants is that plant inventors, if you will, were being discriminated against in that they were unable to comply with the rigorous requirements of title 35 for a regular utility patent not because there was any definitional wrong in section 101, but because in application, the Patent Office was routinely rejecting them -- and I'm talking about prior to 1930 -- as products of nature, and

the inventors were unable to meet the written description requirement necessary to get a patent, so important to a patent because the written description requirement is how the public benefits from the knowledge from the patent so that they can use it to advance and build greater knowledge. And so, the Plant Patent Act of 1930 was passed to allow some limited rights for asexually reproduced plants, and the Plant Variety Protection Act of 1970 was passed to allow again some rights for sexually produced plants.

Now, this petitioner would turn those two acts and their legislative history on their head and use them to limit patent coverage when, in fact, they were passed by Congress for the purpose of granting some coverage that was like a patent in order to get over the two historical hurdles of section 112, written description requirement, and the so-called product of nature doctrine.

QUESTION: Why is it --

QUESTION: May I ask a question about -- about this particular case? Is it true, as Mr. Johnson told us, that you have dual protection and that you sued only under section 101, that all these 17 varieties also have Plant Variety Protection certificates?

MR. SEASE: Justice Ginsburg, I -- there is no real record on that. At the trial court, the complaint

was filed, the answer was filed, and then the motion for summary judgment was filed, and that's where we are.

There was, however, a transcript at the trial court where a Pioneer lawyer was asked by the judge if Pioneer gets PVPA certificates routinely with respect to matters that they also get utility patents, and I believe the question was answered yes with respect to inbreds. But in this instance, there are hybrid patents as well, that there are no corresponding PVPA certificates, and the suit was filed on only the utility patents.

QUESTION: You -- consistently with your answer to me a moment ago that the PVPA certificate is almost a kind of registration mechanism, I -- I'm assuming that therefore it probably doesn't take long to get it.

MR. SEASE: They take much less time, yes, through the Department of --

QUESTION: So that you would -- if you -- let's assume you filed for both. You would -- if -- if you're plant breeder, you would expect to get your certificate rather quickly, and you'd expect to wait longer for the 101 process to wend its way.

MR. SEASE: If at all you ever get through the 101 process.

QUESTION: Yes.

MR. SEASE: One never knows, at the time you

make the invention, whether you are going to meet successfully the higher standards of the Patent Utility Act or not. And so, I mean, the unique -- the truth is that I think everybody in this world, not unique to just this client -- they try for both and see what happens. Sometimes they are successful, sometimes they are not.

I -- I would like to --

QUESTION: Well, wait. On that particular point, the only way in which it would seem to be of some significance that the patent statute would be stricter is in respect to what you just said, nonobviousness. And -- and the other you could -- you have to show it's new. So, in the one, the more detailed one, you have to show it's new, and in the patent one, you have to show it's new and nonobvious.

MR. SEASE: That's right.

QUESTION: All right. That's a little bit of a difference.

MR. SEASE: That's correct.

QUESTION: Fine.

Now, what conceivable thought would have been going through a Congressman's mind to enact the following? He says, okay, I see there's this difference here. So, if a seed is new, but obviously new, I'll let the farmers save the seeds for next year, and I will let people do

research. But if the seed is new and nonobviously new, I won't let the farmers keep the seeds for next year, and I won't let people do research.

Now, in other words, what could anybody have been thinking who would write that? And on your theory, that's what they must have been thinking.

MR. SEASE: Your Honor, I -- I would disagree with that, respectfully. Under --

QUESTION: But the question was not -- what was the theory? That isn't a question you could disagree with or not disagree with.

MR. SEASE: The theory -- the theory was -- and one must look at the statute, Your Honor. The save seed exemption and the research exemption under the Plant Variety Protection Act are -- are not grants of rights to anybody. They are simply saying that by doing these, these are not infringing acts under the Plant Variety Protection Act.

QUESTION: But you see -- let me show where I'm coming from. A property -- intellectual property involves the following: copyright, a tax on readers for producing books; patent, a tax on users for the purpose of encouraging invention. Those are the wholesale statutes. Patent, copyright. Sometimes Congress -- and quite often -- says, the wholesale statutes, they're too wholesale.

We're going to go into this thing and retail. Now, that's what they did here, and they came up with a slightly different kind of protection.

So, having done that for whatever reason, whether because of mistake or because of this or because of that, they did it. So, why should we assume they'd like to go back to the wholesale statute, once having gone through the work of written the retail and indeed created special exemptions of importance that don't exist at wholesale?

MR. SEASE: Well, nothing in the Plant Variety Protection Act or the Plant Patent Act or its legislative history shows that Congress ever intended to take anything out of section 101 that was already included in section 101, and that included these plants. They were articles of manufacture and they were compositions of matter.

QUESTION: Well, they had before them, quoted in your brief I think, Simon Rifkin's committee's report, which says all provisions in the patent statute for plant patents should be deleted and another form of protection provided. That was the President's commission's recommendation. And having received that recommendation, they didn't follow it completely, but they did write some things in detail. So why, given that in front of them, should we assume Congress wanted to go back to this

wholesale statute?

MR. SEASE: Because if you were to say that the passing of the Plant Variety Protection Act in 1970 somehow is an implicit narrowing of 35 U.S.C., section 101 or an implicit exclusion of subject matter from that, you need a far greater signal than just that.

QUESTION: You've got the principle in your favor that repeals, by implication, are not favored.

MR. SEASE: Yes.

And the case law of this Court says that there must be -- they must be plainly inconsistent in order to have a repeal by implication. And that is an important standard, that plainly inconsistent, because Congress needs to be able to rely on that in order to understand the consequences of acts that they are -- they are passing.

QUESTION: So, what does the farmer do who wants to save his seeds?

MR. SEASE: What the farmer does who wants to save his seed is he can, indeed, save those seed if they are protected under the Plant Variety Protection Act only, but not if they are protected under the utility patent statute.

QUESTION: Well, he can get permission. He can pay for permission.

MR. SEASE: He can pay for permission. That's correct.

QUESTION: Is it your view -- nobody has really talked about the infringement under the basic patent statute, but if I was a farmer and I just bought the seeds, you tell me it's a patented product and I plant the seeds. The next year I want to use the product of the -- that plant and save some of those seeds to plant the next year. That's an infringement?

MR. SEASE: That's an infringement of the utility patent.

QUESTION: Why is that an infringement? Why doesn't he just own -- own what he purchased?

MR. SEASE: He does own what he purchased but only in the volume that he purchased. He cannot self-replicate that because the right to exclude --

QUESTION: You're -- you're saying that -- that the infringement -- it's not just an infringement of a license agreement or anything like a contractual undertaking, but the patent statute itself is sufficient to make his saving seeds an infringement in your view.

MR. SEASE: Under the utility patent statute because the utility patent statute gives the right to exclude others from making, using, or selling.

QUESTION: But he's not -- but he's purchased

it. He's purchased the product.

MR. SEASE: He purchased -- he purchased one set volume of the product.

QUESTION: Correct.

MR. SEASE: The recreation of that by planting and regrowth is a subsequent infringing act.

QUESTION: What is the best authority you have for that proposition?

MR. SEASE: Pardon?

QUESTION: Is there any case holding that, any appellate court case holding that?

MR. SEASE: There is no specific case in the seed area that -- that I'm aware of that holds that, but it -- it is sort of analogous to the repair/reconstruction doctrine in the utility patent statute.

QUESTION: It's not analogous to running a -- a mimeograph machine and requiring the user to use your paper. It's not analogous to that.

MR. SEASE: It isn't.

But one of the reasons why utility patent protection is so critically important to people in this industry is because that seeds are so easily copied by self-replicating. And so, if you can qualify for the higher standard, you need to have that higher standard because of the ease of replication.

And may I point out, Your Honor, we know --

QUESTION: What -- what do they do with the seeds? They throw them in the river or what?

MR. SEASE: What does who do?

QUESTION: What -- do they throw -- have to throw the seeds away or something?

MR. SEASE: Well, hybrid seed is only good -- and these patents are on hybrid seed, most of them -- is only good for 1 year because you cannot take the seed from a hybrid seed and then plant it and get the same plant back. That does not work with a hybrid.

QUESTION: But for something that it does work for, is -- is the answer but you can't use the descendants of your original seed, so you have to throw them away?

MR. SEASE: You can't use the descendants of your original seed to plant a new crop. You sell your crop.

QUESTION: Yes. But what can -- what can you use them for?

MR. SEASE: You -- you can use them for their ordinary intended purpose which, for example, if the seed is soybean, you -- you sell your crop at the end of the year like a farmer does. You buy more seed for the following year.

QUESTION: Yes, but the seeds that you would

otherwise have saved, the seeds that you would have saved if -- if it were only plant variety protection, you can't do anything with them.

MR. SEASE: If there --

QUESTION: As Justice Kennedy said, you just have to throw them out?

MR. SEASE: If -- if there is utility patent coverage, you can't do anything with them unless you make some sort of arrangement with the patent owner.

QUESTION: You could put them out for the birds. Yes.

(Laughter.)

QUESTION: Yes. The one thing you can do is sell them so some creature can eat them.

MR. SEASE: We are not operating in a vacuum here about what Congress believes is correct, Your Honors, and I would like to make that point. In 1999 in an amendment to section 119 of the patent statute, which allows foreign inventors to take advantage of their foreign filing date when they come here and file in the United States, we passed an amendment under section 119(f) that allowed foreign breeders, certificate holders, analogous to these Plant Variety Protection Act certificates, to use that filing date in their foreign country to get utility patents when they come into the

United States. So, Congress passed a law which is implementing and enhancing the very thing that is occurring here.

And to make any doubt about that crystal clear, in 1994, when there were amendments to the Patent Variety Protection Act, Senator Kerrey set out the whole regime in the legislative history of that modification that occurred in 1994, explaining utility patents, explaining Plant Variety Protection Act certificates, and explaining the PPA, and noting the differences between them. And he did that on the floor of the Congress. So, it is hardly news to Congress that this is and has been occurring.

QUESTION: Yes, but that's -- that's inconsistent with the argument you make on the first half of the case, that Congress' understanding of the -- of the statute is irrelevant in light of our interpretation. You can't have it both ways.

MR. SEASE: Well, I don't say that Congress' understanding of the statute is irrelevant. I point out that corn plants, which are the subject matter of these patents, fall within the plain meaning of the terms of section 101, and therefore are a patentable subject matter.

QUESTION: Thank you, Mr. Sease.

Mr. Wallace, we'll hear from you.

ORAL ARGUMENT OF LAWRENCE G. WALLACE

ON BEHALF OF THE UNITED STATES, AS AMICUS CURIAE,

IN SUPPORT OF THE RESPONDENT

MR. WALLACE: Thank you, Mr. Chief Justice, and may it please the Court:

In Diamond against Chakrabarty, the Plant Patent Act and the Plant Variety Protection Act played a central role in the debates between counsel and between the Court's opinion and the dissenting opinions. The Court in Chakrabarty rejected the position of the Government and of the dissenting Justices that those two statutes showed a congressional understanding that living things are not protectable under section 101 and could be protected only insofar as that subject matter was covered in those two statutes and to the extent to which it was covered. The Court, instead, adopted a -- a broad interpretation based on the plain meaning of section 101 referring to the anything under the sun quotation, but also said quite specifically at page 313 of volume 447 that the relevant distinction is not between living and inanimate things for purposes of applying 101, but between products of nature, whether living or not, and human-made inventions. So, there is no doubt that all categories of living things are within the interpretation of 101 that the Court adopted.

And the anomaly of this case is that in

petitioners' contention, the Court is being asked to disfavor, for purposes of applying section 101, and indeed, to exclude from eligibility for section 101 protection the very subject matter for which Congress had shown special solicitude and saw a particular need for patent protection in these two acts at a time when it was doubtful whether living things could get section 101 protection.

QUESTION: Is there any -- anywhere have you come across in your research any empirical estimate of how many of the things that qualify under the two special acts might also qualify under the Patent Act where you would have to show it was nonobvious as well as new? Is there any guess? Did anybody ever make -- you know, in the Government have any idea on that?

MR. WALLACE: Well, we do -- I can't give you any direct answer to that, but there -- there are certain -- there have been more plant variety certificates issued than there have been utility patents issued on plants. The --

QUESTION: I noticed that there is a document filed, which I got, that they referred to in the briefs. This is Mr. Rifkin's report that went to Congress, and it makes the recommendation I've referred to: no protection. Then it says backup documents will explain all the

reasons. So, I've been trying to -- they're Government reports. I've been trying to find them. I can't. Does anyone know where they are? I'd like to read it, frankly.

MR. WALLACE: We perhaps could provide some help on that, but I cannot at the moment. I'll see what we can do on that -- on that question.

As of September 30th of this year, the Department of Agriculture had issued 5,022 plant variety certificates, whereas, as we explain in our brief, there have been a total of 1,800 utility patents issued for plants or plant components such as seeds and the like.

The -- the PVPA protection, the Plant Variety Protection Act, is only on the plant variety itself so that the availability of patents on seeds and other plant parts is available only under section 101.

The court in Chakrabarty itself said that nothing in the language or legislative history of the Plant Variety Protection Act indicated any intention to limit section 101 availability for patents when the standards of section 101 are met. And as a matter of fact, the relevant committee report on the PVPA in 1970, which we quote on page 22 in our brief in the middle of the page, said quite specifically that that statute, the PVPA, quote, does not alter protection currently available within the patent system. So, we see no incompatibility

between the two systems of protection.

QUESTION: Mr. Wallace, can I ask you your view on the question of whether a person who buys a patented seed and plants it and then gets some seeds and saves them and then replants them the following year, would he be an infringer?

MR. WALLACE: That depends on the terms of the license agreement. That -- that is within the -- the power of the patent holder to --

QUESTION: Supposing the -- supposing the license agreement is -- is silent on the matter, but merely identifies it as a patented seed.

MR. WALLACE: Well, that -- to the -- you'd have to interpret what the arrangement is and what has been granted and what has been withheld.

QUESTION: The arrangement is that the -- the farmer bought some seeds knowing they were patented. That's the whole arrangement. Would he be -- would he violate the terms of the patent and infringe the patent if he saved the seeds?

MR. WALLACE: If the -- if the plant could reproduce the same seeds that are patented, he could not make and use the patented seeds without permission from the license holder.

This license is not silent. It appears on page

51 in the large appendix.

QUESTION: Well, I know, but I'm not asking a question about the license.

MR. WALLACE: Yes.

QUESTION: I'm asking a question about the law.

MR. WALLACE: Right, yes. And the license says -- I think this tells you something about the law. The license says it is granted solely to produce grain and/or forage, which could include any seeds that are produced. For other licenses --

QUESTION: Why is that not like a license to use a patented mimeograph machine that's licensed only to use with -- with the seller's paper? Why isn't that the same kind of thing?

MR. WALLACE: Well, because your crop can be used as a means of producing patented seeds and reproducing the patented plant product, and it becomes a form of manufacturing of the patented item without the patent holder's permission unless arrangements have been made.

QUESTION: I -- I can't think of a machine that can replicate itself. I've been trying to do that.

(Laughter.)

QUESTION: Now, maybe -- maybe that indicates that plants are -- are different --

MR. WALLACE: Well --

QUESTION: -- and -- and that we should pay careful attention before saying that the -- the new acts, the 1930 act and the later act, were -- were not intended to supersede patent protection.

MR. WALLACE: Well, plants are -- are different in that Congress, while saying that nothing was intended to limit section 101 availability, saw a special need to assure that for plants there would be protections available even when it was doubtful, whether for microorganisms or animals, there would be. We now have --

QUESTION: They also -- they also wanted to be sure that people could do research. You see, that's -- that's actually bothering me as much as the seeds. They wanted to be sure that people could do research, so they create a special exemption. And now your reading of the patent law will wipe out what sounds like a very important special exemption.

MR. WALLACE: The exemption is for purposes of that act only. When greater research and development, greater disclosure, and higher standards for qualifying a patent have been met, there has been more of a contribution to public knowledge which, under our intellectual property laws, justifies a greater exclusive right for a limited period of time.

QUESTION: Which is why I wanted to know the empirical contours of that argument.

MR. WALLACE: And then the public benefits from all of that. It's -- ultimately these intellectual property protections are for the benefit of the public.

QUESTION: Mr. Wallace, what would it take to craft a statute specifically designed for such living things? When I read that sentence in Chakrabarty, I was a little puzzled because I said, well, why isn't this PVPA a statute specifically designed for such living things?

MR. WALLACE: It is to the extent it goes, but of course, it has a much less -- lower threshold of qualifying for eligibility and a lesser standard of protections. The anomaly would be to say that the microorganism and animal patents issued under section 101 should have rights that are not available for those who invent plants when it was plants that Congress wanted to give special assurance for in -- in enacting this legislation at a time when it was thought that, either for practical reasons or because of doubt about the applicability of --

QUESTION: Thank you, Mr. Wallace.

MR. WALLACE: -- all the plants, patents --

QUESTION: Mr. Johnson, you have 10 seconds left. We'll round it off and submit the case, and we'll

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO

all go to lunch.

MR. JOHNSON: Whitman, section 119(f), Congress --

CHIEF JUSTICE REHNQUIST: The case is submitted.

(Whereupon, at 12:14 p.m., the case in the above-entitled matter was submitted.)

ALDERSON REPORTING COMPANY, INC.
1111 FOURTEENTH STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20005
(202)289-2260
(800) FOR DEPO