COMMENTS

{BLR 1827} Patents - Plant Variety Protection Act.

New Growth In The World Of Plant Patents

A. James Isbester

Despite the significance patents have acquired in recent years, plant patents have remained something of a quiet backwater. A large reason for this obscurity is that plant patents are of such limited scope. The only way to infringe a plant patent is to reproduce the patented plant *asexually*; e.g., from cuttings. Unless the patent holder can prove such derivation, even a plant virtually identical to the patented plant cannot be found to infringe. Or so the legal community generally believed.

Recently, however, a judge in San Jose, California, adopted a very different standard for infringement of a plant patent. In a pair of rulings in the case of *Imazio Nursery, Inc. v. Dania Greenhouse* (N. D. Cal. Case No. C 92-20755 [SW]), Judge Spencer Williams found that a plant patent owner "establishes infringement by showing that the accused plant has the 'same essential characteristics' as the patented plant. Independent creation is not a defense."

If Judge Williams' ruling is affirmed on appeal to the Federal Circuit, the implications for the horticulture industry will be significant. Patent holders will enjoy a vastly expanded scope of protection. Plant growers of all types will face far greater patent risks. This article summarizes the state of the law on plant patent infringement, presents some of the background of the *Imazio* case, and discusses some of the policy issues the Federal Circuit may consider on the appeal.

Legal Background

Infringement of plant patents is governed by U.S.C. Title 35, Section 163, which reads:

> In the case of a plant patent the grant shall be of the right to exclude others from asexually reproducing the plant or selling or using the plant so reproduced.

What is the import of the phrase "exclude others from asexually reproducing the plant"? Clearly, selling the plants grown from cuttings of the patented plant itself is infringing activity.

Confusion arises, however, when the accused infringer has independently created or discovered a plant just like the patented plant and then asexually reproduced that new plant for sale or use. The statute does not state that the defendant must have reproduced the *patented* plant. Possibly it might be sufficient for the accused infringer to have obtained a plant of the same variety and reproduced that plant asexually. On this point, Professor Chisum states (*Patents*, §1.05[1][d], p. 1-271):

> It is generally assumed that one infringes only if the accused plant is a direct or indirect asexual reproduction of the patentee's original parent plant. Thus, one does not infringe by independently breeding a variety that closely resembles the characteristics of the patentee's variety.

But, as Professor Chisum notes, this is only an assumption. The case law is indeterminative.

Three courts have indicated a belief that derivation is required to infringe a plant patent. First, in *Cole Nursery Co. v. Youdath Perennial Gardens* (17 F. Supp. 159 [N.D. Ohio 1936]), the plaintiff–patent holder argued that the accused plant and the patented plant were essentially similar; therefore, the defendants must have cloned from the patented plant. The court did not agree:

> Conceding that the plants of the plaintiff and the defendants have similar characteristics, the proof is not clear that the plaintiff [*sic*, defendants] must have appropriated plants or cuttings belonging to [plaintiff] (*Id.* at 160).

However, the court's actual ruling was that the patent was invalid. The court's brief discussion of infringement is *obiter dicta.*

Next, in *Kim Bros. v. Hagler* (120 U.S.P.Q. 210 [S.D. Cal. 1958]), the trial court found plaintiff's patent to a nectarine tree not infringed where there was no proof of asexual reproduction from the patented plant (*Id.* at 212). Here, however, the court determined from the dissimilarities between the patented tree and the accused tree, coupled with the fact that the accused tree was itself the subject of a plant patent, that the accused tree was a totally different variety. That, of itself, was conclusive on the infringement issue.

Finally, in *Yoder Bros., Inc. v. California-Florida Plant Corp.* (537 F.2d 1347 [5th Cir. 1976]), the Fifth Circuit considered the validity and infringement of several chrysanthemum plant patents. In discussing infringement, the court stated:

> It is quite possible that infringement of a plant patent would occur only if stock obtained from one of the patented plants is used, given the extreme unlikelihood that any other plant could actually infringe [citations omitted]. If the alleged infringer could somehow prove that he had developed the plant in question independently, then he would not be liable in damages or subject to an injunction for infringement (*Id.* at 1380).

Again, the court need not have considered this issue. Defendant admitted using cuttings from the patented plants and relied solely on invalidity as a defense (*Id.* at 1382-83).

Although none of these three cases is determinative, the view of plant patent infringement they express has become widely accepted. This is reflected, for example, in *Ex Parte Weiss* (159 U.S.P.Q. 122 [Board of Patent Appeals 1967]), in which, on entirely unrelated facts, the Board commented:

> It appears that an infringer of a plant patent must not merely copy from the patentee, he must use stock obtained from,... the patentee (*Id.* at 124).

There is, however, a contrary view, expressed in *Pan-American Plant Co. V. Matsui* (433 F. Supp. 693 [N.D. Cal. 1977]). In *Pan-American*, the plaintiff had developed and patented a new variety of chrysanthemum (again), but the plant the plaintiff actually marketed under the patented plant name was the product of additional development. Defendant's chrysanthemum was similar to plaintiff's later-generation plant. Defendant offered proof of independent derivation and also illustrated dissimilarities between its plant and the original patented plant. Concluding from dissimilarities, as in *Kim Bros.*, that different varieties were before it, the court found no infringement. In a footnote, however, the court addressed the independent derivation evidence and concluded that it was of no effect. "[The Plant Patent] Act bars the asexual reproduction and sale

of any plant which is the same variety (i.e., has the same essential characteristics) as the patented plant, whether or not the infringing plant was originally cloned from the patented plant" (*Pan-American, supra*, p. 694, fn. 2). This language is utterly unnecessary to the ruling, but it does state the legal principle Judge Williams adopted in *Imazio*.

Background of Present Case

Imazio is about the right to market an early blooming variety of *Erica persoluta*, the most prevalent species of commercial heather grown in Northern California. In 1984, plaintiff Imazio Nursery, Inc. obtained a plant patent on a variety of *Persoluta* known as Erica Sunset. The only feature that distinguishes Erica Sunset from any other variety of *Persoluta* is that, rather than blooming in March, Erica Sunset begins blooming in December. It therefore had significant commercial advantages over heather blooming in March.

In 1991, another California-based heather grower, Coastal Nursery, introduced its own early-blooming heather, named Holiday Heather. Like Erica Sunset, Holiday Heather is a variety of *Persoluta* and, to the naked eye, is almost indistinguishable from Erica Sunset or most other varieties of the species. Although Holiday Heather may bloom a few days later than Erica Sunset, there appears to be no dispute that it does bloom in December.

Imazio filed suit for infringement of the Erica Sunset patent in 1992 and then moved for a preliminary injunction. Imazio argued that because the patent covered a variety of *Persoluta* distinguished by the fact that it begins blooming in December, and because Holiday Heather bloomed about the same time and was also a variety of *Persoluta*, Holiday Heather infringed the Imazio patent.

Coastal objected that Imazio was applying the wrong test for infringement. A plant patent, Coastal argued, is infringed only by the asexual reproduction of the patented species. Imazio could make no compelling showing that Coastal had grown Holiday Heather from cuttings of Erica Sunset; indeed, Coastal could prove quite the opposite. Therefore, infringement could not lie.

Judge Williams relied on two policy arguments to conclude that independent derivation should not be a defense to plant patent infringement. First, the judge noted that the purpose of patent protection was to reward, and thereby aggressively encourage, discovery. "But if the economic rewards flowing from a patent were subject to erosion by an indeterminable number of subsequent inventors who could show independent creation," the incentive would be diminished (Order Granting Plaintiff's Motion for Preliminary Injunction, filed December 16, 1992, p. 5). Second, the difficulty of rebutting evidence of independent creation opens the possibility of abuse. Both of these policy arguments militate against independent derivation as a defense.

On the specific evidence before him, Judge Williams concluded, both on the motion for preliminary injunction and on a subsequent motion for summary judgment of infringement, that Imazio had established that Holiday Heather and Erica Sunset shared the same essential characteristics. Partial summary judgment of infringement was awarded to plaintiff. A jury subsequently upheld validity and awarded damages to Imazio. Coastal has appealed.

Possible Considerations by the Federal Circuit

One hopes that the Federal Circuit will examine Judge Williams' policy arguments carefully. Is it a reasonable conclusion, for example, that botanical experimenters will relax their efforts in the event they cannot exclude someone else who is able independently to replicate their results? Two factors would suggest not. First, there is the long lead time to bring many agricultural products to market. Imazio, for example, took several years to enlarge its stock of

heather to commercially significant volumes. During the lead time while competitors must independently develop competing products, the patentee enjoys complete freedom from competition. Moreover, even when the competing products do emerge, it seems unlikely that a new, independently derived plant would be identical to the patent plant in every respect. Latent qualities such as disease resistance may still provide the patentee significant competitive advantages over the subsequent independent creator.

Nor is the difficulty-of-proof argument compelling, given the increasing sophistication of isenozyme testing and DNA analysis. Indeed, in at least one decision, a court has specifically recognized the efficacy of electrophoresis testing in identifying different plant varieties (*Heart Seed Co. v. Seeds, Inc.*, 4 U.S.P.Q.2d 1324, 1325 [E.D. Wash. 1987]). A truly independently developed plant will display different genetic factors. A surreptitious clone should be identifiable.

Finally, the Federal Circuit must consider the negative policy implications of the *Imazio* ruling. The patent laws are intended to foment discovery and invention, not discourage them. Plant development is not analogous to designing a new transistor circuit, improving the clutch of a car, or other typical utility inventions. Rather, nature plays an incalculable and unpredictable role. The results of an effort independently to create an early-blooming heather may be a heather that is highly drought tolerant or has other important features. Perhaps independent creation should therefore be encouraged, not discouraged.

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{BLR 1828} Court of Customs and Patent Appeals - Electronic Publication - Intellectual Property Rights - NII - Prior Art.

WILL ELECTRONIC PUBLICATIONS PAVE A ROAD TO RUIN FOR INVENTORS?

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In February of 1993, President Clinton formed the Information Infrastructure Task Force (IITF) to implement the National Information Infrastructure (NII), which is also known as the "national information highway" or "information superhighway." The Clinton Administration envisions the NII as a completely rebuilt telecommunications system in which information from many sources and in various forms will be integrated into a uniform, readily-accessible, all-digital format. In the words of the IITF:

> The National Information Infrastructure will consist of (1) thousands of interconnected, interoperable telecommunications networks, (2) computer systems, televisions, fax machines, telephones, and other 'information appliances,' (3) software information services, and information databases (*e.g.* 'digital libraries'), and (4) trained people who can build, maintain, and operate these systems. In the future, the NII will enable all Americans to get the information that they need, when they need it and where they need it, for an affordable price ("Frequently Asked Questions," *IITF Bulletin Board*, 1994 [iitf.doc.gov; (202)501-1920]).