Supreme Court of Canada Hears *Schmeiser v. Monsanto*

By Cynthia Tape, Associate, Torys LLP

The patentability of higher life forms was in the spotlight recently in Ottawa, as the Supreme Court of Canada heard arguments in the *Schmeiser v. Monsanto* appeal.

The Court's decision–not expected for several months–will most likely contain key rulings on the validity and scope of gene and cell claims in patents in Canada, and on the infringement of patents claiming life forms that are self-replicating and able to spread.

BACKGROUND

Monsanto sued Mr. Schmeiser, a farmer in Saskatchewan, for patent infringement. The patent in question claims genetically engineered genes, and cells containing those genes, that confer herbicide resistance on canola plants.

Monsanto alleged that Schmeiser infringed its patent rights by reproducing canola seeds and plants containing genes and cells claimed in the patent, and by selling the harvested canola seed. Schmeiser defended on the basis that Monsanto's patent was invalid because it covers unpatentable subject matter (i.e. plants). Furthermore, even if the patent were valid, Schmeiser could not be an infringer because canola carrying the patented genes and cells blew onto his field and became intermixed with his own canola through no fault of his own. In any event, he never took advantage of the utility of Monsanto's invention by spraying the modified canola with herbicide.

At trial, Schmeiser was found liable for having infringed Monsanto's patent. The Federal Court of Appeal affirmed that finding. Schmeiser sought, and was granted, leave to appeal to the Supreme Court of Canada.

SCHMEISER'S APPEAL IN THE SUPREME COURT OF CANADA

Three main points were addressed in oral argument: (1) Is the scope of Monsanto's patent, which claims genes and cells, sufficient to permit Monsanto to claim rights in canola plants carrying the patented genes and cells? (2) If so, should infringement be restricted to circumstances in which the invention is actually being "exploited"–that is, actually put into operation–rather than simply being "used"? (3) If exploitation of an invention is not required for infringement to occur, should "innocent bystanders" such as Schmeiser be granted an implied licence to use an invention in circumstances where one's personal property becomes contaminated with patented material?

SCOPE OF RIGHTS CONFERRED BY GENE AND CELL CLAIMS

Counsel for Schmeiser contended that the gene and cell claims in Monsanto's patent had the effect of conferring patent rights over the whole canola plant. They argued that Monsanto's claim to patent rights over the canola plants in Schmeiser's fields could not be sustained as a result of the Supreme Court's decision in the Harvard Mouse case–Harvard College v. Canada (Commissioner of Patents)–that higher life forms, including animals and plants, are not patentable subject matter.

This argument was supported by a group of interveners (including the Council of Canadians, the Sierra Club of Canada, the National Farmers Union and others) who took the position that the public interest must be considered when construing the scope of patent rights, and that the public interest in protecting plant diversity, among other things, was not properly taken into account by the lower courts in this case, which found that Monsanto's patent rights extended to canola seeds and plants.

Monsanto's response was that its patent contains no claims to the plant itself; the canola plant is merely the exploitation of the invention, not the invention itself. The decision in Harvard Mouse does not preclude the patentability of claims to genes and cells such as those in Monsanto's patent, even if those claims have the effect of preventing others from growing the canola plant.

INFRINGEMENT BASED ON EXPLOITATION OR USE?

Schmeiser's counsel argued that even if Monsanto's patent leads to rights to the canola plants themselves, there could be no infringement unless the plants were actually sprayed with herbicide. Otherwise, the utility of Monsanto's invention was not being exploited. Infringement, according to Schmeiser, requires more than mere "use" of an invention; the utility of the invention must be put into operation.

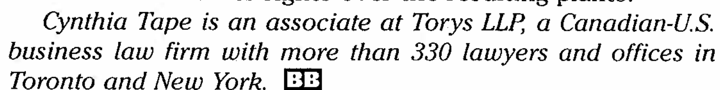
Monsanto's counsel argued that spraying was not required for infringement. Rather, Schmeiser's planting, growing and harvesting of the modified canola constituted sufficient "use" of the genes and cells to amount to infringement.

THE INNOCENT BYSTANDER PROBLEM

According to Schmeiser, where patented material is passively and inadvertently intermixed with personal property, the holder of the property (the innocent bystander) should not be held to account to the patentee. In other words, if mere "use" of an invention is sufficient to establish infringement, then the innocent bystander must be protected by an implied licence from the patent holder.

Monsanto argued that no special exceptions to infringement ought to be recognized or applied in this case; this is a simple case of infringement by a knowing use of the patented material.

Such a ruling would create severe competitive difficulties for Canadian businesses in countries that permit patents like Monsanto's to confer rights over the resulting plants.



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