

Client Alert

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Federal Circuit Finds No Public Use in *Delano Farms Co. et al. v. The California Table Grape Commission*

By Michael R. Ward and Matthew A. Chivvis

Last week, the Federal Circuit affirmed a judgment by the Eastern District of California that two United States Plant Patents, PP16,229 and PP16,284, were not invalid under the public use bar of § 102(b) because the plants were not accessible to the public.¹ The California Table Grape Commission is a public agency created under California statute to promote the state's table grape varieties. PP16,229 and PP16,284 cover the commercially successful Scarlet Royal and Autumn King table grape varieties, respectively. While these patents are exclusively licensed to the Commission, they are owned by the United States Department of Agriculture ("USDA"). The plaintiffs are all California grape growers that purchased grapevines for the varieties covered by the patents, signed license agreements with the California Table Grape Commission, and paid the Commission's licensing fee. They sued the Commission and the USDA, seeking, among other claims for relief, a declaration that PP16,229 and PP16,284 are invalid.

The USDA supports crop research in California, including the development of the Scarlet Royal and Autumn King table grape varieties. The term "table grapes" refers to grapes that are meant to be eaten, rather than made into wine. In August 2001, while Scarlet Royal and Autumn King were still in the experimental stage, the USDA held an open house at California State University, Fresno. Only the mature fruit from the varieties was on display—not the vines or wood actually needed to asexually propagate the plants. Two grape growers, the brothers Jim and Larry Ludy, attended the open house. While there, they asked a USDA employee, Rodney Klassen, if they could receive some plant material for Scarlet Royal and Autumn King. Despite the fact that he lacked authority to do so, Mr. Klassen provided the Ludy brothers with plant material for both varieties, although he advised them not to sell any grapes harvested from the varieties until they were commercially released. Both brothers understood that their possession of Scarlet Royal and Autumn King was supposed to be a secret. Nevertheless, they asexually propagated copies of the two varieties by grafting the plant material they received from Mr. Klassen. Based on these facts, the Eastern District of California held that plaintiffs had not established that the Ludy brothers' use of the unreleased varieties constituted a public use.

On appeal, the Federal Circuit's analysis focused on the question of whether Scarlet Royal and Autumn King were "accessible to the public" more than one year before PP16,229 and PP16,284 were filed. The plaintiffs argued that the cultivation of these varieties by the Ludy brothers was publicly accessible because they shared the plants with each other and grew them openly. However, the Federal Circuit found that the Ludy brothers concealed that they had possession of the varieties, knowing they had obtained them without authorization.

¹ Plant patents are available to an inventor who invents or discovers and asexually reproduces a distinct and new variety of plant, other than a tuber propagated plant. 35 U.S.C. § 161. Plant patents are often used to protect fruit trees, vines, berries that propagate by runner, and other types of asexually reproducible, commercially significant plants.

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While the brothers did propagate them in locations that were visible from public roads, neither labeled the vines they propagated, so members of the public would have been unable to discern these plants from others growing on their fields. The Federal Circuit therefore affirmed the Eastern District of California's decision rejecting the plaintiffs' challenge to the validity of the Scarlet Royal and Autumn King patents.

Although this case ended favorably for the patent holder, it has important implications for the protection of commercially valuable plants in the United States. The underlying facts make clear the potential value of plant patents, as well as the potential pitfalls in maintaining rigorous intellectual property protection for plant inventions. The incentive to use newly developed varieties without paying for them is out there. Those with plant breeding programs are therefore advised not only to seek intellectual property protection for their discoveries, but also to consider what legal restrictions can be used to keep the experimental phase of development from becoming public.

Contact:

Michael R. Ward
(415) 268-6237
mward@mofo.com

Matthew A. Chivvis
(415) 268-7307
mchivvis@mofo.com

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