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Driscoll's Strawberry Dispute Could Sweeten Plant Patent Case Law

Driscoll's Inc.'s lawsuit over its patents on growing sweeter, heartier strawberries could strengthen scant case law in the evolving field of plant patent litigation.

The berry grower says plant scientist Douglas Shaw and his private strawberry breeding company, California Berry Cultivars LLC, improperly used Driscoll's proprietary strawberry varieties in its plant-breeding activities. California Berry didn't immediately respond to a request for comment.

A ruling in the Driscoll's case could potentially clarify the scope of patent exhaustion, under which patent owners lose certain rights after a first authorized sale of a patented product, and what amounts to unauthorized use of a patented plant variety, James Weatherly, a patent attorney at Cochran Freund and Young LLC, said.

''This case has the potential to help plant patent owners understand the scope of their patent rights and may open up opportunities for actions by plant patent owners,'' Weatherly said.

Driscoll's is a top producer in California's lucrative strawberry industry—a market that totaled $3.1 billion in sales in 2017, according to the California Department of Food and Agriculture. Plant patents partly help drive the U.S. agribusiness market—expected to reach $3 trillion in 2019, according to research firm IBISWorld.

Four patented plant varieties that produce bigger, juicier, and mildew-resistant strawberries are at issue in the infringement suit, filed March 20 in the U.S. District Court for the Eastern District of California. A central question—how California Berry allegedly got its hands on Driscoll's patented varieties—doesn't appear to be mentioned in the complaint but is expected to surface once evidence is gathered in the case, Weatherly said.

Emerging Litigation A plant patent is a specialized intellectual property right that protects plant varieties reproduced asexually, or from a part of a single parent plant. That could mean, for example, cutting a branch of a plant and grafting it onto a different root stalk. Plant patents cover just one claim—a numbered sentence defining an invention—describing the new characteristics of a plant variety.

Only 15 plant patent infringement lawsuits were filed in federal district courts from April 1, 2014, to April 1, 2019, Bloomberg Law data show. Federal appellate courts haven't weighed whether U.S. law extends to plant patent infringing activity that occurred overseas but affects the U.S. market, nor have courts fully resolved whether plant patent owners retain control over a patented plant variety after making an initial, authorized sale, they said.

Case law is scant in part because plant breeders and growers historically have freely used one another's intellectual property without running into disputes, attorneys said.

''You're dealing with a socio-economic group that doesn't like to sue each other,'' Paul Swanson, an intellectual property attorney and shareholder at Lane Powell PC, said.

The Driscoll's lawsuit emerged in the shakeout from a previous dispute between the University of California, Davis, and its former scientists, Shaw and Kirk Lawson, who left to found California Berry. UC Davis accused the men and their company of taking some university plants to Spain for cross-breeding, and importing seeds to California for commercial use. California Berry's alleged infringement of Driscoll's patents came to light in evidence collected in the UC Davis case, according to Driscoll's complaint.

In 2018, U.S. District Court Judge Vince Chhabria of the Northern District of California ruled that the act of importing seeds of patented plant varieties amounted to infringement of UC Davis' patents. A jury then found California Berry, Shaw and Larson willfully infringed UC Davis' patents. The parties eventually settled without divulging details.

The ruling in the UC Davis case set a precedent on what's unauthorized use of plant patents and paved the way for the Driscoll's lawsuit. But questions remain on whether U.S. law extends to plant patent infringing acts beyond U.S. territory and what's the extent to which patent exhaustion applies to purchased plant varieties, attorneys said.

''Judge Chhabria ruled that importation of seeds of patented plants is infringement, but said that certain other types of extraterritorial conduct were not,'' Matthew Chivvis, an IP law partner at Morrison & Foerster LLP, said.

''While the importation issue appears clear cut under the statute, we don't have an appellate decision reviewing the other aspects of his ruling,'' Chivvis, who is representing Driscoll's in its lawsuit and represented UC Davis in the university's case, said.

Overseas Breeding Whether California Berry's allegedly infringing activities took place beyond U.S. territory could unfold in the discovery stage in the Driscoll's case.

Of all the potential rulings on plant patents, those in cases involving overseas cross-breeding of varieties covered by U.S. plant patents would most benefit U.S. patent-based agriculture businesses, Swanson said.

''A particular fact pattern that would help develop and clarify plant patent law would involve surreptitious stealing and probable foreign testing of pollen grains in order to 'invent' new and distinct plant varieties,'' Swanson said.

Chivvis says more companies are looking to enforce their plant patent rights after the UC Davis ruling and as there's more investment in proprietary plant varieties.

''Now people really care because there's so much investment,'' Chivvis said. ''My clients invest heavily in their technologies and to have somebody come, take it and run is no longer acceptable.''

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