



else's pain

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On Friday, the Supreme Court of Canada ruled that biotechnology giant Monsanto can prevent farmers from growing plants containing its patented modified genes.

The narrow (5 to 4) decision was immediately hailed by the industry, but a close reading of the judgment suggests the ruling may well come back to haunt it.

Over the past few years, the Supreme Court has done a fine job of clarifying many aspects of intellectual-property law. It has demonstrated a fierce determination to protect not only those who produce new creative or industrial works, but also those who need to use those works. Because of this, Friday's decision is baffling.

The decision involved a patent suit by Monsanto Canada Inc. against Percy Schmeiser, a Saskatchewan canola grower. For reasons not explained at trial, seeds containing Monsanto's patented modified genes ended up on Mr. Schmeiser's land. He collected those seeds, along with non-modified seeds, and replanted them as had been his practice. Monsanto sued Mr. Schmeiser because, it claimed, growing the plants was a violation of its patent.

What is troubling is not so much the outcome of the decision -- although it is worth noting that the independent Canadian Biotechnology Advisory Committee suggested that such a decision would significantly overcompensate the biotechnology industry to the detriment of Canada's farming community -- but the fact that the Supreme Court made fundamental changes to Canadian patent law that will have repercussions for years to come.

Patent law is a highly technical field, with many different and interrelated concepts. Dabbling in it often leads to confusion.

Ordinarily, the court recognizes this by being very careful in its elucidation of the law.

Unfortunately, it broke with tradition in the Schmeiser case by reworking one of patent law's fundamental concepts: When does someone "use" an invention? The court's answer is: when that someone is furthering a "business interest" or is engaged in "commercial exploitation" of the invention. Other non-commercial cases of use may exist, but the court does not tell us how to

identify them. This approach replaces a simpler test of whether that someone made a "direct use" of the thing described as the invention.

The impact of the reworking is that it is now difficult to know when a person will be considered to have violated a patent. This means that Canadian industry, including the biotechnology industry, faces significant uncertainty as to which types of activities are permitted and which are not. Under the test proposed by the court, it is uncertain whether a university, government or not-for-profit agency conducting scientific research or providing health-care services will be considered to violate a patent if its use of the patented invention has no business or commercial interest.

Second, will a company be able to prevent another from raising capital to fund development of a technology? While a long way from a use of the technical aspects of the invention, the company is clearly furthering a business interest and is engaged in commercial exploitation of the invention.

The above examples may be a bit exaggerated, but they point out the significant uncertainty that the court has introduced. And uncertainty in patent law means only one thing: more litigation, more costs and more delays.

Biotechnology companies, and those in other industries, will now find it more difficult to explain to investors what they can do with their patents, will face increased risk of being sued for patent breach, and will be at a disadvantage against larger companies often based outside of Canada.

These costs are much more significant to the Canadian biotechnology industry than is the question of whether a farmer can grow seeds that blew onto his land. The minority opinion, written by Madam Justice Louise Arbour in one of her last opinions on the Court, followed standard patent law and found a solution to farmers' difficulties within the constraints of that law. (She held that "use"

had its traditional meaning of actually putting into practice the invention).

It is a shame that the majority of the court did not follow her lead on this point, whether they agreed with her on other points or not. Perhaps the uncertainty introduced by this decision, more than anything else, will finally move the federal Minister of Industry to make changes to patent law to take into account the unique characteristics of biological inventions. *E. Richard Gold is director of the Centre for Intellectual Property Policy, McGill University.*

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