



**Patentability of Microorganisms under the Indian Patent Act,
1970: Monsanto Technology LLC v. Nuziveedu Seeds**

- RISHABH CHAUHAN

BACKGROUND

A patent was registered by Monsanto Technology LLC under The Patents Act, 1970 [Hereinafter; Patent Act] for Nucleotide Acid Sequence (Hereinafter; NAS) which contained the gene *Bacillus Thuringiensis*. When NAS is inserted into the cotton seed's DNA, it kills the bollworms from within the seed.¹ This process immensely reduced dependence of farmers on pesticides. Regarding NAS, Monsanto entered into a sub-license agreement with Nuziveedu seeds and other companies on 21.02.2004, pursuant to its patent rights. The license agreement was for a period of 10 years and ended on 14.11.2015 (after extension) due to disagreements with respect to the licensing fee. The government had introduced new price control regimes due to which the dispute arose. The seed companies wanted Monsanto to adhere to the new prices, while Monsanto kept demanding the original fee and eventually terminated the agreement. An application was filed by Monsanto (plaintiff) under Order 39, Rule 1 and 2 of the Civil Procedure Code, 1908 (CPC)². It was to not allow the Nuziveedu and other seed companies (defendant) to use their registered patent during the pendency of the suit.

¹ Monsanto Technology vs Nuziveedu Seeds Ltd., Supreme Court of India (2019)

² .The Civil Procedure Code, 1908 , Order 12 Rule 1 “*Notice of admission of case.—Any party to a suit may give notice, by his pleading, or otherwise in writing, that he admits the truth of the whole or any part of the case of any other party.*” Rule 2 “*Notice to admit documents.—Either party may call upon the other party 1 [to admit, within 2 [seven] days from the date of service of the notice any document,] saving all exceptions; and in case of refusal or neglect to admit, after such notice, the costs of proving any such document shall be paid by the party so neglecting or refusing, whatever the result of the suit may be, unless the Court otherwise directs; and no costs of proving any document shall be allowed unless such notice is given, except where the omission to give the notice is, in the opinion of the Court, a saving of expense.*”



VALIDITY OF PATENTS REGARDING MICROORGANISMS

The plaintiff contended NAS was not part of the plant and should be patentable as it satisfies the conditions present under section ___ of the Patent Act. It was not obvious to the person skilled in art and was a product. It was novel and not published as well as capable of industrial use. The defendants contended that NAS is not a microorganism and thus, not patentable under section 3(j) of the act.³ They were of the view that NAS alone was not capable of any industrial application. It was only effective after being inserted into the seed and after insertion it became an integral and inseparable part of plant. They further contended, since the gene eventually got passed onto its progeny, it made this process an *essential biological process* rendering it non-patentable. The defendant also cast light on the fact that NAS itself couldn't reproduce and thus, was in no way a microorganism but just a chemical. The key issue to be decided regarding the patentability was whether NAS a part of the plant once insertion was done or not. A negative answer to this issue would mean that NAS patent was valid under the Patent Act but if proven that it indeed becomes a part of the plant then it will fall under the purview of Protection of Plant Varieties and Farmers Rights Act, 2001 [Hereinafter; PPVFR Act).

HIGH COURT OF DELHI (SINGLE JUDGE & DIVISION BENCH)

The learned single was deciding on the suits of the plaintiff's application for injunction.⁴ The judge said that the matter of patents is complicated and require expert opinion and formal-proof. He further ordered that during the pendency of the suit parties will remain bound by the sub-license agreement and will fulfil their respective obligations and fee will be paid by the defendant in accordance with laws. Both, plaintiff and defendant, appealed. Appeal of the plaintiff was dismissed, while the argument of the defendant regarding the exclusion of patent was upheld. The court said the plaintiffs can register under PPVFR Act since Patents act was not complementary but exclusive to it with regards to section 3(j) of the act. Therefore, the counter-claim made by the seed companies succeeded. However, suit was permitted to go on with regards to damages and

³ The Patents Act, 1970, Section 3(j) "*plants and animals in whole or any part thereof other than microorganisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals*"



plaintiffs and defendant were to fulfil their obligations under the license agreement in accordance with the law. The decision was further appealed.

THE SUPREME COURT

The Supreme Court dealt with two issues:

1. Whether consent was given by Monsanto to summary adjudication with respect to its patent validity or not?
2. Whether the Delhi High Court's (Division Bench) decision to invalidate the patent of the plaintiff was correct or not?

With respect to the first issue, the Supreme Court sided with Monsanto and agreed that, evidently there is no reason for Monsanto to consent to summary adjudication of an already existing patent and risk losing the registered patent. The court said the Delhi High Court division judge bench [Hereinafter; Division Bench] shouldn't have tried to side-step their power and should have confined the issue to the validity of injunction. Regarding the second issue, the Supreme Court said, the Division Bench was again at fault for holding the patent invalid without any expert evidence in a trial. It is to be noted that defendants themselves had contended that the issues involved are complex and expert evidence is essential and full-fledged trial is required. In the case of a counter-claim, revocation of patents is dealt with under section 64 of the act⁵. However, there is a supposition that the patent is valid. Therefore, serious error was made by the Division Bench when they adjudicated summarily without any formal evidence and expert opinion. The Division Bench overlooked the fact that the issue of revocation of the aforementioned patent was never even argued before the Single Judge bench. The Supreme Court also remarked that the learned single judge was right in not considering the counter-claim. In the end, the Supreme agreed with learned single judge and held the issues concerning the patent were complicated and should be dealt with a full-fledged trial and Division Bench overstepped while pronouncing the judgement regarding whether the patent is valid or not. The injunctive relief which was granted by the learned single judge was upheld and the suit was remanded to the single judge after announcing restoration of patent.

⁵ The Patents Act, 1970 Section 64, "Revocation of patents.—(1) Subject to the provisions contained in this Act, a patent, whether granted before or after the commencement of this Act, may, be revoked on a petition of any person interested or of the Central Government by the Appellate Board or on a counter-claim in a suit for infringement of the patent by the High Court"



CONCLUSION

In the process of becoming TRIPS compliant, the Patent Act, went through several amendments. Article 27 of the TRIPS agreement imposes obligation on governments to make certain inventions eligible for being patented. Article 27.3(b)⁶ gives government liberty to exclude few inventions like, animals, plants, essential biological processes but also says microorganisms need to be eligible for patenting.⁷ This section also imposes obligation on government to have a procedure for protecting plant varieties.⁸ It is up to the government whether they choose provide chose the former, while India has opted for the latter. An important aspect of public policy is entangled with this case. The outcome of this case will have far reaching implications and will be crucial in defining the future. Matters related to Intellectual Property need to be dealt with expeditiously because a long-drawn battle defeats the entire purpose. The lower courts in this case have shown blatant disregard of the above fact. The registered Patent of the plaintiff's expired on 3.11.2019 and now, no other remedy apart from damages is available to them. The Supreme Court could have remanded the case by exercising its extra-ordinary jurisdiction, like it did in the case of *Novartis Ag. v. UOI*⁹. There also the judgement had far-reaching implication beyond technical and legal issues. The judgement in present case will also decide the fate of more NAS- like applications.

⁶ Agreement on Trade-Related Aspects of Intellectual Property Rights, Article 27.3, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197

⁷ Agreement on Trade-Related Aspects of Intellectual Property Rights, Article 27, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 *"plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, Members shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof. The provisions of this subparagraph shall be reviewed four years after the date of entry into force of the WTO Agreement"*

⁸ Human Right to health versus Patent Right in the light of TRIPS Agreement, , LEXFORTI LEGAL NEWS & JOURNAL (2020), <https://lexforti.com/legal-news/human-right-to-health-versus-patent-right/> (last visited Jan 13, 2021).

⁹ *Novartis Ag vs Union Of India & Ors* [2013] Supreme Court of India, 20539-20549 of 2009