Articles + Publications | October 23, 2024

Budding Lessons From Landmark Plant Seed Patent Battle

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This article was originally published on October 23, 2024 on Law360 and is republished here with permission.

The landmark legal battle over who owns the intellectual property rights in genetically modified plants is heating up.

In August, in *Corteva Agriscience LLC v. Inari Agriculture Inc.*, the U.S. District Court for the District of Delaware rejected defendant Inari's motion to dismiss the case in its entirety.

With the case now proceeding through discovery and to trial, the case will raise critical questions regarding access and use of seed deposits, and who owns the IP in genetic modifications of such seeds.

Case Background

Corteva has alleged that Inari infringed on Corteva's U.S. Department of Agriculture plant variety rights and U.S. Patent No. 8,575,434 for Corteva maize seeds by genetically editing the seeds obtained from a seed depository and subsequently seeking U.S. patent protection for the seeds' modified traits.

Corteva's seeds were originally deposited with a U.S.-based seed depository. Seed deposits are often made by inventors to fulfill patentability requirements for subject matter claimed in patent applications. Inari Belgium later purchased Corteva's maize seeds from the seed depository, with the purchase subject to a material transfer agreement restricting Inari from using the seeds for commercial purposes. Despite these restrictions, Inari genetically modified those seeds after conducting phytosanitary testing and exporting the seeds to its operations in Belgium.

Inari then approached Corteva, offering to hold off on marketing the newly modified seeds if Corteva agreed to collaborate on an unrelated project, prompting Corteva to file suit.

Pending Infringement Claims

This case involves multiple parties across different jurisdictions, with overlapping IP rights at play. Among Corteva's seven claims against Inari, four relate to allegations of infringement and one goes to IP ownership, including:

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- Direct infringement of plant variety rights: Corteva claims Inari infringed its plant variety rights by exporting its maize seeds. Inari argues that once seeds were deposited with the seed depository and made public, Corteva waived its right to assert plant variety rights infringement.

- Direct infringement of the ‘434 patent: Corteva alleges Inari’s phytosanitary testing in the U.S. constituted use of the patented seeds in violation of Corteva’s ‘434 patent rights. While Inari has countered that such testing does not constitute a use because it did not grow the seeds, the judge has disagreed due to precedent from the U.S. Court of Appeals for the Federal Circuit regarding phytosanitary testing.

- Contributory infringement of the ‘434 patent: Corteva argues that the patented invention is the plant, making it contributory infringement for Inari to export the seed, which is a component thereof. Inari has argued that a plant does not have multiple components, and any other components must be features of the patent claims in order for there to be a case of contributory infringement.

- Inducement of the seed depository to infringe on the ‘434 patent: Corteva alleges that Inari knowingly induced the seed depository to directly infringe the ‘434 patent by supplying the seeds. Inari argues the deposit of the seeds as support for the ‘434 patent made the seeds publicly available (e.g., to export) once the patent was issued.

- Conversion: Corteva alleges that Inari converted Corteva’s property rights in its seeds, including by seeking its own patent rights in genetic modifications thereof. Inari argues that since the seeds were publicly available from the depository, Corteva could not assert a conversion claim.

Access to Biological Deposits

In Europe and the U.S., making a biological deposit prior to or during the patent application process often ensures that a novel plant or plant trait is sufficiently disclosed for patentability purposes. However, while this approach might pave the way for ultimate patent approval, it can also create risk by making the biological materials available to third parties.

In the U.S., the deposit generally does not become publicly available until the patent is granted and transferred pursuant to a material transfer agreement. In Corteva, a typical material transfer agreement existed between Inari Belgium and the seed depository, which prohibited Inari Belgium from using the seeds for commercial purposes. However, Inari has argued that it has not breached any material transfer agreement, nor infringed any Corteva IP rights, because no such commercial activities took place in the U.S.

The Corteva case offers a cautionary tale for germplasm and plant trait developers in the future — including when they select the jurisdictions to file their patent applications.

For instance, after a patent’s publication in Europe, the applicant can specify that its deposit only be made available to an independent expert. In addition, all requests must be filed via the European Patent Office, not directly with the seed depository. This reduces the risk of the depository accidentally or inadvertently providing patented, deposited seeds to an unauthorized party, and alerts the patent holder long before any commercial

activity takes place.

These safeguards, if they had existed in the U.S., might have prevented the Inari activities for which Corteva has asserted claims.

Overlapping Intellectual Property Rights

This case also highlights the uncertainty and disputes that can arise from overlapping IP rights, particularly where the infringement of one right is not necessarily an infringement of another existing right.

Inari's defense relies on the fact that certain activities — e.g., export to a country with a research exemption from infringement — cannot be an infringement when seeds are obtained from a seed depository. Inari has argued that the seed deposits are available to the public after the utility patent is granted, and as a result, the purchase and transport of those seed deposits cannot be restricted by the existence of plant variety rights that would otherwise prohibit such activity.

Inari's argument does not suggest it can obtain seeds and use them for any commercial purposes within the U.S., which would implicate utility patent infringement. Rather, it argues that plant variety rights cannot prevent it from conducting activities that are allowable under the scope of the utility patent (e.g., export and certain research use), which may be allowable under exemptions in Belgium.

In other words, Inari argues that limits on the IP protection of a utility patent should also extend to a plant variety rights certificate when both the patent and plant variety rights certificate are directed to the same subject matter.

In denying Inari's motion to dismiss, the judge referred to U.S. Supreme Court precedent that has previously acknowledged that overlapping IP rights may coexist, particularly as they relate to plants, and one IP right cannot be read to negate another.[1]

Conclusion

The denial of Inari's motion to dismiss does not resolve the complex issues presented in this case. It just means the dispute will go into discovery and potentially proceed to trial. How the facts and law are eventually decided could have a major impact on the agriculture technology industry.

This case could shed light on the risks that innovators face when using seed depositories, how plant variety rights and utility patent rights will affect each other, and who owns genetic modifications in germplasms: the germplasm owner or the gene-editing entity. Stay tuned.

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[1] J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc. , 534 U.S. 124 (2001).

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