

Monsanto Co. v. Ralph

72 U.S.P.Q.2d 1515 (Fed. Cir. 2004)

Facts

Monsanto owns a number of patents (U.S. Patent Nos. 5,164,316, 5,196,525, 5,322,938, 5,352,605, and 5,633,435) directed to gene sequences that can be inserted into plant seeds to protect them against glyphosate-based herbicides, such as Monsanto's Roundup(r), and that are toxic to certain insects. Monsanto provided nonexclusive, restricted-use licenses to seed companies for manufacturing and selling seed containing the patented gene technologies and required the seed companies to execute standardized contracts with purchasers that limited the use of the seed to a single season, prohibited supplying the seed to another, and prohibited saving any crop produced from the seed for replanting.

Monsanto filed suit against Ralph, a purchaser of the patented seeds, for willful infringement of Monsanto's Patents and breach of contract for saving seed and transferring seed to other farmers. At trial, a jury awarded \$803,402 to Monsanto for what it deemed to be a reasonable royalty for Ralph's infringement. The court trebled that amount for willfulness and added \$178,036.51 for prejudgment interest, \$57,833.20 for costs, and \$291,451.36 for attorney fees, resulting in a total award of just less than \$3,000,000.

Rules and Analysis

On appeal, Ralph argued that the court erred by refusing to limit damages to a reasonable royalty for lost profits rather than for misappropriation of a license. The Federal Circuit upheld the district court ruling in finding that Ralph was unable to show that "the award is, in view of all the evidence, either so outrageously high or so outrageously low as to be unsupportable as an estimation of a reasonable royalty." *Lindemann Maschinenfabrik GmbH v. Am. Hoist & Derrick Co.*, 895 F.2d 1403, 1406 (Fed. Cir. 1990).