



**EUROPEAN UNION**

**COMMUNITY PLANT VARIETY OFFICE**

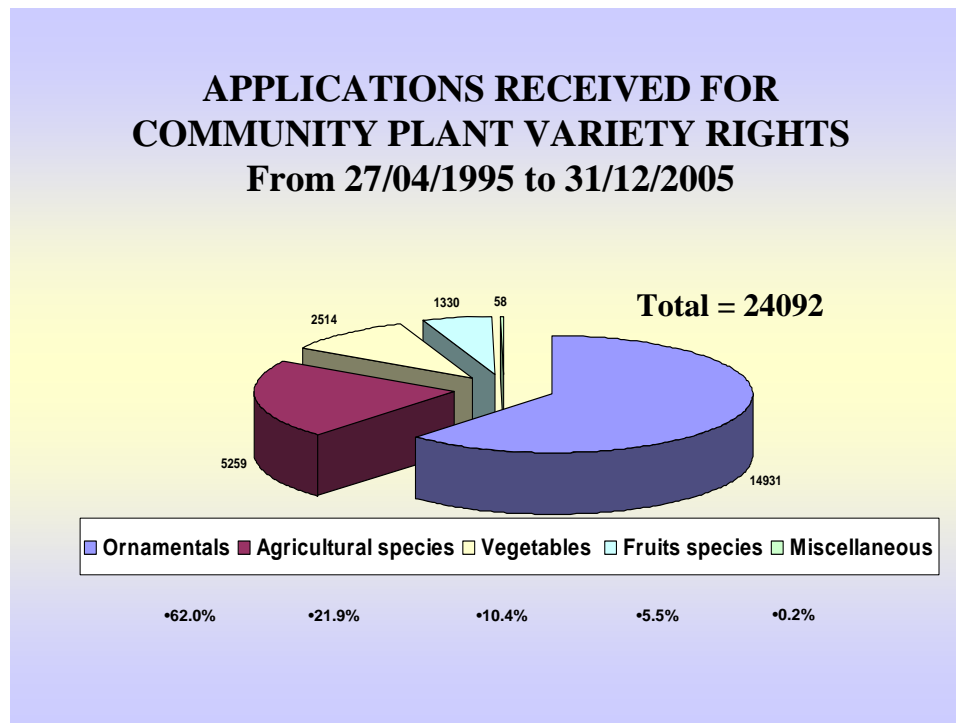
## **DEVELOPMENTS AS REGARDS THE COMMUNITY PVR SYSTEM**

### **I. THE IMPACT OF THE GROWTH OF THE SYSTEM ON THE NATIONAL SYSTEMS IN THE EUROPEAN COMMUNITY**

#### **Statistics as regards the Community system**

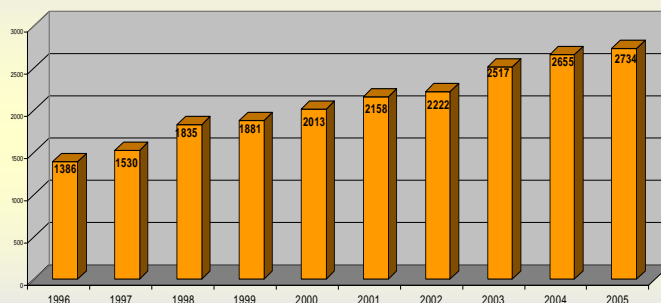
The Community Plant Variety Protection system is operational since April 1995. It has been created by a Council Regulation 2100/94<sup>1</sup> (also: “Basic Regulation”), the substantive part of which is based on the 1991 version of the UPOV convention. UPOV is the International Union for the Protection of New Varieties of Plants.

The system is very successful as the following statistics will show.

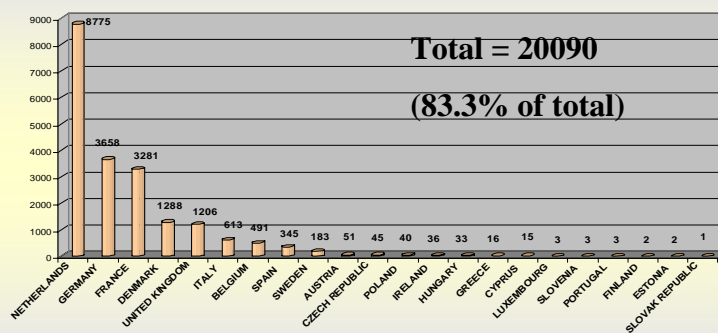


<sup>1</sup> Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, OJ No. L227/1, 1.9.94

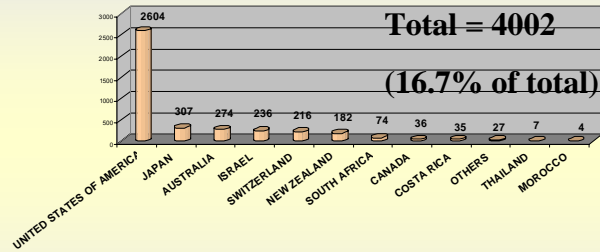
## EVOLUTION OF ANNUAL NUMBER OF APPLICATIONS RECEIVED FOR COMMUNITY PLANT VARIETY RIGHTS from 01/01/1996 to 31/12/2005



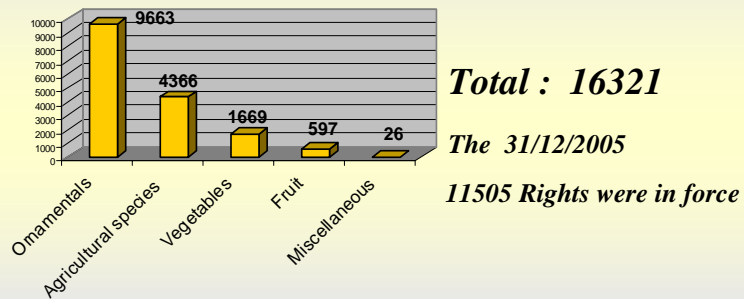
## APPLICATIONS LISTED BY COUNTRY OF ORIGIN OF THE APPLICANT EUROPEAN UNION (27/04/1995 – 31/12/2005)



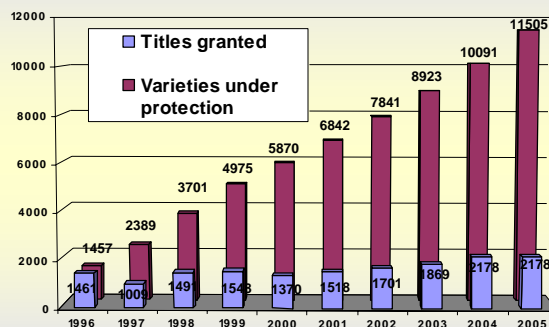
## APPLICATIONS LISTED BY COUNTRY OF ORIGIN OF THE APPLICANT NON EUROPEAN UNION (27/04/1995 – 31/12/2005)



## NUMBER COMMUNITY PLANT VARIETY RIGHTS GRANTED (Status as of 31st December 2005)



## EVOLUTION OF VARIETIES PROTECTED UNDER THE COMMUNITY SYSTEM SINCE 1996



### Decrease of national applications

The CPVO success has caused a decrease of applications in the framework of the in parallel with the Community system existing 21 national PVR schemes. This is illustrated by the following statistics of applications of the, as far as numbers of applications in 2004 are concerned, top ten Member States respectively in:

- 1994, before the entry into force of the Community system;
- 1995, the first year that the system was operational and the CPVO received 1669 applications, and;
- 2004, a year when the Community system, with almost 2700 applications, had reached its cruising speed.

	2004	1995	1994
Netherlands	461	1.183	1.541
France	257	676	866
Poland	249	276	278
Germany	213	596	1.091
United Kingdom	165	322	582
Spain	79	116	213
Hungary	58	169	73
Czech Republic	50	112	120
Italy	43	no data	298
Latvia	16	-	-

The other Member States have received in 2004 less than 10 applications.

The question is whether some of the Member States will draw the conclusion out of this development, that it is not longer worthwhile to maintain their national PVR scheme. A decision to abolish a national system might be easier to take, if it would be established that a country by being under the umbrella of the Community system fulfills its obligation under article 29 of the TRIPS agreement as regards the protection of plant varieties.

## **II. DUS TESTING IN AN ENLARGED COMMUNITY**

### **The present situation - general**

DUS testing in the European Community takes place in the framework of three different types of legal systems: 1. the national listing systems under the umbrella of the common catalogue 2. the national PVR systems and 3. the Community PVR system.

DUS testing of agricultural and vegetable varieties is in most cases launched in the framework of the listing systems. Only a limited part of the varieties which are candidate for listing becomes in a later stage the object of a Community PVR application. In respect of these varieties the DUS test report to be used for the listing decision will in general be taken over by the CPVO, if the test has been performed in conformity with the applicable quality requirements.

For agricultural and vegetable varieties not intended to be commercialized as such, like parental lines, listing is not an option. If for such varieties Community PVR protection is sought, DUS testing is initiated by the CPVO.

Most of the DUS examinations for ornamentals are initiated by the CPVO as they relate to varieties that are candidate for Community PVR protection. The number of applications for national PVR protection of ornamental varieties has decreased since the coming into force of the Community PVR system. But some national PVR authorities play still a significant role as regards DUS testing of ornamentals.

### **The present situation – agricultural and vegetable species**

From both a technical and a practical point of view the availability of a number of test facilities in respect of agricultural and vegetable species is an advantage, especially in the case of outdoor testing. It enables the competent authorities, in the case of national procedures, to organize the tests in their own country or in a location in a neighboring country with similar environmental conditions. As regards the Community PVR system the availability of several competent offices for one and the same crop makes it possible to allocate the testing of a candidate variety to a station that meets the climatic conditions under which the variety has been developed. For breeders this is attractive as well.

The costs to maintain the necessary infrastructure to be able to perform DUS tests, that meet the relevant quality requirements, especially as regards the maintenance of reference collections, are relatively high. Due to the budgetary restrictions with which most countries are confronted, it is probable that examination offices to a certain extent will have to apply economic principles when defining their medium and long term strategy.

### **The present situation – ornamentals**

The fact, that as a result of recent legislation examination offices, when performing DUS tests for listing or PVR purposes, have to comply with the test guidelines adopted by the CPVO Administrative Council could play an important role in this respect.

The situation as regards ornamentals, characterized by centralized testing, has changed after the entry of ten new Member States into the EC. For some of the major ornamental species new examination potential is available now. The availability of new examination offices requires a review of the way DUS testing is organized in the ornamental sector. But this is not the only reason to reconsider the DUS test situation for ornamental species. Centralized testing has many merits. The possibility, that a candidate variety is not compared with all the relevant reference varieties is very limited if all testing is concentrated in one place. For a given species, centralized testing results furthermore in higher numbers of varieties under test in one location than would be the case in a decentralized situation. This leads to an economy of scale and provides a more solid financial basis for the maintenance of the specific technical expertise and the reference collection as regards the species in question.

The shadow side of centralization is that the species-specific expertise is concentrated in a limited number of persons, working in the same examination office. The continued existence of this expertise could be jeopardized by organizational changes in that office and by the mobility or the retirement of its personnel.

### **Review of DUS testing**

As the above analysis shows it is opportune to review the structure and modalities of DUS testing in the European Community. A review does not necessarily result in modifications. It could be that the present situation is considered as optimal or at least as the best of the available alternatives.

In June 2005 a review of the situation in respect of DUS testing was launched by the CPVO, the so-called Strategic Discussion. All the players in the field, such as PVR and Listing Authorities and the breeders' organizations have been asked to express their views in this respect on the basis of a questionnaire prepared by the CPVO. The questionnaire is based on three options for change of the actual situation:

### **Options for change**

- A. Concentration of DUS testing in the agricultural, vegetables and fruit sectors.
- B. Reorganization of the DUS testing in the ornamental sector.
- C. Strengthening the role of the breeders by:
  - Involvement of breeders in the performance of the DUS tests; or
  - Offering to breeders a free choice out of accredited examination offices;or
  - Creation of greater independence of examination offices in their relation to the listing or PVR authorities

As far as the Community plant variety protection system is concerned, it is likely that these options, with the possible exception of option C second indent, could be adopted within the legal limits of the Basic Regulation. Whether the introduction of one or more

of these options in the framework of national PVR and/or listing systems necessitates legislative measures has to be answered by the competent authorities on a country by country basis.

The CPVO is at the moment summarizing and digesting the answers received. On the basis of an analysis of the answers, working groups of the main stakeholders will define whether and, if so, what changes will be proposed to the competent authorities. To be continued.

### **III. ENFORCEMENT**

#### **Introductory remarks**

The enforcement of intellectual property rights has become a hot issue. In a memorandum issued on 12 July 2005 in connection with a draft directive on criminal measures aimed at ensuring the enforcement of intellectual property rights the following statement can be found: *“Counterfeiting and piracy, and infringements of intellectual property in general, are a constantly growing phenomenon which nowadays have an international dimension, since they are a serious threat to national economies and governments.”*

The unauthorized production of goods protected under IP law has a value of many billions of euros worldwide. Community plant variety rights do not escape the tendency to bypass IPR's. Breeders are frequently confronted with the illegal reproduction and commercialization of their varieties. Directly if it concerns production within the boundaries of the European Union. Indirectly if it concerns the import into the territory of the EU of plants or flowers reproduced, without their authorization, in third countries. Fortunately they are not without legal arms to fight this phenomenon.

#### **The UPOV Convention and the TRIPS Agreement**

Article 30 1(i) UPOV Convention 1991, the mother of the Community PVR system, states that each contracting party must provide for legal remedies for the effective enforcement of breeder's rights. Part III of the TRIPS Agreement relates to enforcement of intellectual property rights. This part starts with the following ruling:

*“Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.”*

In the 20 articles that follow detailed rules are given, what types of civil and penal law provisions have to be implemented by the Members of the WTO.

Even if the UPOV Convention and the TRIPS Agreement are not directly applicable under most national legislation, a holder could remind a court of the Conventions if there is discrepancy between the national law in question and these Convention(s).

## **Community legislation**

### Directive 2004/48/EC

In the framework of the European Community a number of legislative initiatives have been undertaken in order to create tools as regards the enforcement of intellectual property rights in general. On 29 April 2004 the European Parliament and the Council adopted Directive 2004/48/EC on the enforcement of intellectual property rights.<sup>2</sup> The objective of the Directive is “*to approximate legislative systems so as to ensure a high , equivalent and homogeneous level of protection in the internal market*”(preamble, paragraph 10). The Directive concerns the basically civil law measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights. Its scope covers any infringement of intellectual property rights as provided for by Community law and/or by national law of the Member States. Accordingly, infringements of Community plant variety rights as well as national plant variety rights in any of the Member States of the European Union are covered. The directive includes an obligation on the Member States to provide for a number of measures in their national laws relating to issues such as procedures and remedies, evidence, right of information, provisional and precautionary measures, injunctions and legal costs. The Member States shall take the necessary measures to comply with the Directive by 29 April 2006.

The Directive is complementary to the obligations of the Member States under the TRIPS Agreement. In its preamble it is explicitly stated, that this Directive should not affect Member States’ international obligations, including those under the TRIPS Agreement.

### Council Regulation 1383/2003

Other enforcement possibilities are provided by Council Regulation 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.<sup>3</sup> The Regulation applies with effect from 1 July 2004. It sets out conditions for action by the customs authorities when goods are suspected of infringing an intellectual property right in certain specified situations. The Regulation also contains provisions on actions to be taken relating to goods found to infringe an intellectual property right at the end of the prescribed procedure. It covers goods infringing intellectual property rights listed in the Regulation, which includes national plant variety rights under the laws of the Member States as well as Community plant variety rights.

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<sup>2</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 195/16, 2.6.2004.

<sup>3</sup> Council Regulation (EC) No 1393/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ L 196/7, 2.8.2003.



## Proposal for a Directive on criminal measures ensuring IP enforcement.

The European Commission issued on 12 July 2005 a proposal for a EP/Council Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights.

The Directive is the penal law complement of Directive 2004/48 /EC

In a draft so-called Framework Decision detailed rules are laid down on penalties and judicial cooperation.

### The Basic Regulation

As regards Community plant variety rights the Basic Regulation gives specific rules as regards their enforcement.

#### *Infringing acts in relation to the variety*

Article 94 of the Basic Regulation lists acts that, if done without the consent of the holder, allow the holder to bring a civil action against the alleged infringer. The scope of rights mentioned in Article 13 (2) includes the exclusive right for the holder to produce and reproduce, condition for the purpose of propagation, sell, market, import and export to the Community and stocking the variety for any of the mentioned purposes. Harvested material also falls under the protection unless the holder has had reasonable opportunity to exercise his right in relation to the variety constituents.<sup>4</sup> The Regulation opens up the possibility for the Commission to extend the protection to products obtained directly from material of the protected variety.<sup>5</sup> The Commission has not yet made use of this possibility. In addition to acts committed in relation to the protected variety itself, acts committed in relation to essentially derived varieties, other indistinct varieties and hybrid varieties dependent on the protected variety for their production may also constitute infringements (Article 13(2) read in conjunction with Article 13(5)).

#### *Infringing acts in relation to variety denominations*

Any person who offers, or disposes of, to others for commercial purposes material of a protected variety, must use the variety denomination designated for that variety (Article 17(1)). If a trade mark, trade name or similar indication is associated with the designated denomination, this denomination must be easily recognizable as such (Article 17(2)). A holder of a CPVR may bring an action for an injunction or compensation, or both, against any person who, contravenes Article 17(1) or (2) or uses the variety denomination of a protected variety or a designation that may be confused with it.

#### *Breach of contract*

The holder of a CPVR may bring an action for infringement of his CPVR against a person enjoying contractual exploitation rights who contravenes a limitation or condition attached to those rights (Article 27(2)).

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<sup>4</sup> Article 13(3)

<sup>5</sup> Article 13(4)

### *Injunctions*

The holder may also ask the Court to order the infringer to enjoin the infringing actions (Article 94 (1)). It is not clearly stated that the Court must, apart from ordering the infringer to enjoin the infringement when the case is finally settled, also order an interim injunction, awaiting the final decision. However, in most jurisdictions injunctions are either interlocutory (interim) or perpetual. The Enforcement Directive obliges Member States to provide for both types of injunctions. An interlocutory injunction may be granted at any time after the plaintiff has asked the Court to do so if the applicable requirements are fulfilled. An interlocutory injunction may in some cases be granted by the Court without first hearing the defendant, if there is urgency or likelihood that informing the defendant could risk that evidence is destroyed. Interlocutory injunctions ordering the defendant not to continue an infringing action until the trial of the issue is finally settled, is a rapid and relatively cheap way of achieving temporary redress. In fact, parties to infringement procedures frequently treat the outcome of the interlocutory injunction proceedings as settling the matter in dispute. A perpetual injunction is granted only after the plaintiff has finally established his right and the actual or threatened infringement of it by the defendant.

### *Compensation*

The Basic Regulation states that the holder has a right to a reasonable compensation in case there is an infringement of his rights. The holder is not entitled to compensation if the infringement is made in good faith. In order for the holder to be compensated, the infringer must have been acting intentionally or at least with negligence. In case of slight negligence, claims may be reduced according to the degree of the slight negligence. The compensation may however not be reduced to the extent that they are less than the advantage derived from the infringement by the person who committed the infringer. If the infringer has made gains of the infringement at the expense of the holder, national law, including private international law should be applied to calculate the restitution (Article 97).<sup>6</sup>

### *Provisional protection*

Article 95 provides that the holder of a Community plant variety right may require reasonable compensation from any person who has, in the time between publication of the application for a Community plant variety right and grant thereof, affected an act that he would be prohibited from performing subsequent thereto.

### *Competent Court*

The Basic Regulation ensures that there will always be a competent Court to deal with infringements of Community plant variety rights in the Member States of the Community and Courts in states that are contracting parties to the Lugano Convention (Article 101).

Proceedings may take place in any of the Member States or Contracting Parties

- where the *defendant is domiciled* or has his seat or an establishment.
- if the mentioned condition is not met, where the *plaintiff is domiciled* or has his seat or, in the absence of such, has an establishment; or

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<sup>6</sup> See also Article 13 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 195/16, 2.6.2004.

- if the before mentioned is also not met, where the seat of the *Office is located*.

The competent Courts shall have jurisdiction in respect of infringements alleged to have been committed in any of the Member States. Proceedings relating to actions in respect of claims for infringement may also be brought in the Courts for the place where the *harmful event occurred*. In such cases, the Court shall have jurisdiction only in respect of infringements alleged to have been committed in the territory of the Member State to which it belongs. The legal processes and the competent Courts shall be those that operate under the laws of the State in question.

Infringement procedures are governed by national law. Article 103 provides that, where jurisdiction lies with national Courts, the rules of procedure of the relevant State governing the same type of action relating to corresponding national property rights shall apply.

Even though the present rules ensure that there is always a national court available, one may ask if this is the ideal situation. A multitude of competent courts is not ideal in a specialized area such as infringements of plant variety rights. A preferred situation would be to have one (or few) Courts competent in each Member State. This is not a revolutionary idea since such a system already exists under the Community Trade Mark Regulation.

#### *Validity of the Community Plant variety Right*

Article 105 requires a national Court or other body hearing an action relating to a Community plant variety right to treat the right as valid. This provision underlines the fact that only the Office is competent with regard to the nullification or cancellation of a Community plant variety right.

#### *Obtaining identification of a variety*

The holder of an initial variety and the breeder of a variety essentially derived from the initial variety may ask a national Court be entitled to obtain an acknowledgement of the identification of the varieties concerned as initial and essentially derived.

#### *Prescription*

Claims pursuant to Articles 94 and 95 shall be time barred after three years from the time at which the Community plant variety right has finally been granted and the holder has knowledge of the act and of the identity of the party liable or, in the absence of such knowledge, after 30 years from the termination of the act concerned.

#### *Penalties*

Article 107 of the Basic Regulation provides that Member States shall take all appropriate measures to ensure that the same provisions are made applicable to penalize infringements of Community plant rights as apply the matter of infringements of corresponding national rights. Accordingly, even though the Basic Regulation is silent as regards the sanction of seizure and destruction of infringing material, a holder of a

Community plant variety right may ask a national Court for such a remedy if such remedy is provided for under the national law in question.

### **Enforcement seminar**

Despite of the availability of all these legal instruments, experience learns that breeders encounter many problems when fighting against infringements. Enforcement is in the first place a responsibility of the right holder. Nevertheless the CPVO considers it as its task to assist right holders in this respect. This might be done by giving assistance, for instance by means of the assessment of allegedly infringing plant material, to the competent judicial authorities. Another option is giving information to interested parties about the implications of Community plant variety protection. The CPVO has in October 2005 organized a seminar on enforcement. This seminar will have a follow up in Poland in May of this year.

At the Brussels seminar different interests were represented such as breeders, lawyers, farmers, officials from Member States and the Commission. However, only a very limited number of judges were present and no prosecutors. The number of more than 200 participants underlined the importance of this issue.

### **Conclusions of the seminar**

Some general problems were identified during the seminar. Below is a summary of the problems and some suggestions on how to address the problems.

#### *Lack of harmonized laws*

- Harmonization of civil and penal law is underway through the implementation of the Directive on Enforcement of IPR's. The Directive includes provisions on procedural remedies in case of suspected infringements. The CPVO does not have jurisdiction in this area.

#### *Lack of expertise in national courts*

- The introduction of an obligation in the Basic Regulation for Member States to designate (a limited number of) competent national Courts seems to be a measure that was welcomed by all. A proposal for a change in the Basic Regulation has been proposed to the Administrative Council. The proposal follows the example of the Trade Mark Regulation.
- If the Council adopts the above suggested obligation for Member States to appoint certain national "PVR Courts" the CPVO could also organize seminars for judges in such Courts (also following the OHIM example).

#### *High costs of legal actions*

- Cost in litigation in national Courts is subject to national law but the directive on enforcement of IPR's includes some provisions.

*Difficulties to obtain information on the use of farm saved seed frustrating the possibilities to collect remuneration.*

- The present rules stimulate the parties (breeders and farmers) to agree on how the collection system should work. The success of the present collection systems vary between Member States. In some Member States the situation is inadequate according to the breeders.
- Nevertheless, finding ways to reach agreements could perhaps more effective than adopting legislation that must be applied equally in different countries where the market conditions and other factors may vary.
- Concrete proposals on how to reach agreements might be discussed in working groups. If such working groups are established, the next question would be who should participate in such groups (ex. ESA, farmers, the Commission, the CPVO).
- An option may be to appoint a mediator where no agreement can be reached.

*Refusal of national courts to accept technical reports of Examination Offices qualified as competent by the Administrative Council of the CPVO.*

- National Courts are, and should be, free to evaluate any evidence presented to them. Awareness of competent examination offices may perhaps lead to higher degree of acceptance by Courts.

**Frankfurt, 10 February 2006**

**Bart Kiewiet,  
President Community Plant Variety Office**