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PLANT VARIETY RIGHTS IN A COMMUNITY CONTEXT

I Introduction

Since mid-1995, a system of Community plant variety rights has been in place that makes it possible to protect new plant varieties under plant variety rights at European Union level. By means of a single application, a plant variety right can be acquired that is valid in all EU Member States. The first Community plant variety rights were granted by the Community Plant Varieties Office, known by the acronym CPVO, in September 1996. Since then more than 10.000 rights have been granted.

If these figures are compared with the statistics relating to the national systems of the EU Member States the only possible conclusion is that the Community system meets a clear need as an alternative to national protection. As is evident from *Industrial Property Statistics 2000*, recently published by WIPO, the number of applications for Community plant variety rights, around 2000, was approximately the same in the year 2000 as the total of all applications recorded within the Community for national plant variety rights. This shows that the market for many new plant varieties is not limited by national boundaries.

II The Community system and the UPOV Convention

The Community system laid down in Council Regulation (EC) No 2100/94 (the Founding Regulation) and Implementing Regulations based thereon is based on the UPOV Convention, 1991 version, with regard to substantive law.
In a number of areas, the substantive section of the Founding Regulation does not follow the literal text of the relevant provisions of the UPOV Convention. As part of this presentation, I would like to examine more closely two important provisions of the Founding Regulation, the texts of which differ from the UPOV provisions. It will not have escaped the good listener that I did not say that it was the *content* of these provisions that differed from the UPOV provisions. I am convinced that the Community legislator did not intend to create sections with the tenet of provisions in conflict with the UPOV Convention. I base this conviction primarily on the relevant section of the preamble to the Founding Regulation:
"…whereas this Regulation takes into account existing international conventions such as the International Convention for the Protection of New Varieties of Plants (UPOV Convention)…".
Furthermore, the intention of the Community legislator may be inferred from the request made to the UPOV Council by the European Commission dated 1 April 1997 for an opinion on "the conformity of Community Legislation on Community plant variety rights with the provisions of the 1991 Act of the UPOV Convention". It can be assumed that this request was made in the belief that this conformity existed. Be that as it may, at its meeting of 29 April 1997 the UPOV Council decided to issue a positive opinion on the conformity of Community legislation on plant variety rights with the UPOV Convention. All this was done on the basis of an analysis of this legislation carried out by the UPOV office.

Since the Community legislator had conformity with the UPOV Convention in mind, I believe the textual differences from this Convention that are found in the Founding Regulation must be interpreted as attempts to clarify the UPOV provisions in question. Closer examination of the two differing sections of the Founding Regulation referred to earlier will have to show to what extent the Community legislator was successful, as far as those provisions are concerned.

Article 10 of the Founding Regulation (*novelty*)

The first paragraph of this Article reads, in so far as it is of interest here, as follows:
"1. A variety shall be deemed to be new if, at the date of application determined pursuant to Article 51, variety constituents or harvested material of the variety have not been sold or otherwise disposed of to others, by or with the consent of the breeder…, for purposes of exploitation of the variety …".

The content of this text is the same as that of Article 6(1) of the UPOV Convention, except that the UPOV text refers to *"propagating or harvested material*" instead of *"variety constituents (components) or harvested material"*. Based on the definition of variety constituents included in Article 5(3) of the Founding Regulation, *"entire plants or plants as far as such parts are capable of producing entire plants"*, this includes the concept of *"propagating material"*.

Where the UPOV Convention keeps to what is expressed in Article 6(1) where the main rule concerning novelty is concerned, the first sentence of Article 10(2) of the Founding Regulation maintains an exception to or further elaboration of the main rule given in the first paragraph.

"The disposal of variety constituents to an official body for statutory purposes, or to others on the basis of a contractual or other legal relationship solely for production, reproduction, multiplication, conditioning or storage, shall not be deemed to be a disposal to others within the meaning of paragraph 1, provided that the breeder preserves the exclusive right of disposal of these and other variety constituents, and no further disposal is made."

In short, this provision implies that the disposal of components to an official body or to others with a view to, among other things, augmentation is not seen as disposal (prejudicial to novelty) within the meaning of the first paragraph if the breeder preserves the exclusive right of disposal of these and other components of the variety in question.
The second sentence of Article 10(2)[1] makes an exception to this provision: this form of *disposal* (whereby the breeder preserves the right of disposal) is indeed seen as disposal within the meaning of paragraph 1 and therefore as prejudicial to novelty, if the *variety constituents* are repeatedly used in the production of hybrids and there is disposal of components or harvested material of these hybrids. In other words: if a breeder "disposes" parental lines to a third party, without handing over the right of ownership to them, for the production of hybrids and basic or harvested material of those hybrids is sold, this disposal of material of the hybrid prejudices the novelty of the parental lines. If hybrids are produced within the breeder's own business, the disposal of material of the hybrid is not prejudicial to novelty for the parental lines used.

The question is whether the provisions of Article 10(2) of the Founding Regulation are in keeping with the tenor of the provisions of Article 6 of the UPOV Convention concerning novelty. This question can only be answered in the affirmative if the ruling in Article 10(2) must be regarded as a further

[1] "However, such disposal of variety constituents shall be deemed to be a disposal in terms of paragraph 1 if these constituents are repeatedly used in the production of a hybrid variety and if there is disposal of variety constituents or harvested material of the hybrid variety".

development of the first paragraph (read Article 6(1), UPOV Convention) and not as an exception to it. After all, the UPOV Convention does not provide any basis for such an exception.

Where the provisions of the first sentence are concerned, I believe that this is in fact an explanation that is in keeping with the tenor of the UPOV Convention. The disposal of components (*propagating material*) of a protected variety in the cases specified therein, without the breeder losing the ultimate power of disposal, cannot, in my view, be regarded as disposal prejudicial to novelty "*for purposes of exploitation of the variety*".

The second sentence of the aforementioned paragraph, which, as mentioned, creates a link between the disposal of components of hybrids and the novelty of the parental lines of those hybrids, creates further problems.

With regard to the novelty of parental lines, there are two diametrically-opposed interpretations of the relevant section of the UPOV Convention.

1. The disposal of components of hybrids is irrelevant for the novelty of the parental lines.

2. The disposal of components of hybrids is prejudicial to the novelty of the parental lines used.

Which interpretation is correct?

The **first interpretation** is supported by ASSINSEL. A Position Paper adopted in May 2000 considered the following, among other things:

" *Some offices are arguing that … the seed of the hybrid variety represents the "harvested material of the parental lines".*
Assinsel considers that interpretation as not correct:

- *Obviously it is not valid for the male parent.*
- *It is not valid either for the line used as the female parent of the hybrid as, if we plant the product harvested on the female parental line, the progeny will not be the female parental line itself. That means that the interpretation considering that the hybrid variety represents the harvested material of the parental line is not consistent with the UPOV definition of a variety,* considered as a unit with regard to its suitability to be propagated unchanged.

Of course parental lines have to fulfil the normal novelty criteria as do other varieties…."

In my opinion, the interpretation given by Assinsel, starting from a purely textual approach to the relevant UPOV text (Art. 6(1)), is correct. From a biological viewpoint it is, after all, always difficult to contend that the seed of a hybrid is harvested material of the female parent used, let alone the male one.
However, what is certain is that some of the delegates at the Diplomatic Conference of March 1991, who had perhaps studied a different biology book, reached a different conclusion.
In paragraph 372.2 of the records of this conference we encounter the following statement by the USA representative in reaction to a German proposal[2] to amend Article 6 of the draft convention.
"In his delegation's opinion, if an inbred was being kept secret and only the harvested material from that inbred was made available in the form of a hybrid, then it would seem rather unfair that after a number of years of exploitation, when there was a danger that that inbred may become known, the breeder should…. obtain a further 20 or more years of protection".

[2] The German proposal in question, which, among other things, explicitly targeted (see paragraph 340.2 of the Records of the Diplomatic Conference) the use of harvested material that did not influence the novelty of the variety in question, was rejected by a large majority.

Studying the records shows that the view highlighted by the USA that a hybrid is harvested material of the inbred was not opposed by other delegations. It must therefore be assumed that at least some of the delegations present shared this view and, basing themselves on this, agreed to the content of the definitive text of Article 6(1).
Support for this assumption can be found in the progress of the discussions on this subject which were held in two meetings of the Legal and Administrative Committee of UPOV (forty-first session, April 2000 and forty-third session, April 2001). According to the minutes of the April 2000 meeting, the chairman of the meeting reached the following conclusion:
" The chairman concluded that, as expressed by several Member States, the basic view on the issue seemed to be that the novelty of the inbred lines was lost by the exploitation of the hybrid variety. He also noted, however, that note should be taken of the different positions expressed in the session."

At Assinsel's request, the discussion was reopened a year later. This organisation argued fiercely in favour of its own interpretation, as outlined above. This interpretation was supported by the CPVO and Japan. France and the USA did not, however, share this interpretation. The French delegate stated that it was her opinion that it had been the intention of the Diplomatic Conference that the use of a hybrid would prejudice the novelty of the parents. However, she did observe that the conference had clearly not succeeded in expressing this intention in the text of the convention.

The conclusion of the meeting was that both interpretations were possible.

The **second interpretation** has been enshrined in the national legislation of a number of UPOV Member States, such as Germany and the United Kingdom[3].
The Community legislation included in the second sentence of Article 10(2) of the Founding Regulation implies the middle way between the two interpretations: the disposal of components of hybrids is only prejudicial to the novelty of the parental lines in question if these parental lines have also physically been disposed. Perhaps this middle way is where the truth lies. I do not know whether the solution chosen by the Community legislator was imitated.

Article 13(6) of the Founding Regulation (essentially derived varieties).

The introduction of the concept of essentially derived varieties ('edvs'), and the associated concept of dependent plant variety right in the 1991 UPOV Convention, is seen as one of the most important new elements, if not the most important, in the strengthening of plant variety rights.[4]

The tenet of the dependent plant variety right implies that the consent of the holder of a plant variety right to an "original variety" is required to carry out the operations for which the plant variety right holder is normally authorised relating to a variety essentially derived from that original variety. This rule also holds true, and there is still a misunderstanding in this respect, if the derived variety is not itself protected by a plant variety right. The consequence of this ruling is that for the commercial use of an edv, agreement must be seen to be reached with the holder of the plant variety right for the variety from which it is derived.

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[3] Paragraphs 4(10) and (11) of Schedule 2 of the UK Plant Varieties Act 1997 provides that:
"(10) For the purposes of subparagraphs (2) and (3) above, any sale or other disposal of propagating or harvested material of a variety for the purposes of exploiting the variety, shall, if the variety is related to another variety, be treated as being also a sale or other disposal of propagating or harvested material of the other variety for the purposes of exploiting that variety.
(11) For the purposes of sub-paragraph (10) above, a variety is related to another if its nature is such that repeated production of the variety is not possible without repeated use of the other variety."
[4] Anton Wolff, Prophyta, 3/2000.

The background to the expansion of the scope of plant variety rights to varieties essentially derived from the original variety was the dissatisfaction that existed in circles of breeders of vegetatively reproduced crops, namely ornamental plants, fruit trees and potatoes, over the fact that under the plant variety right based on the earlier versions of the UPOV Convention, third parties could acquire plant variety rights for mutants of protected varieties without the original breeder being able to share in the use of these mutants.[5] Another phenomenon that led to the introduction of dependent plant variety rights was the development of techniques that opened the way to adding new properties to existing varieties by genetic manipulation. Traditional breeders were afraid that the new varieties created in this way would be used without the breeder of the original varieties receiving financial compensation.

Article 14(5)(b) of the 1991 UPOV Convention includes the following definition of essentially derived varieties:

"…a variety shall be deemed to be essentially derived from another variety (the initial variety) when

(i) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety;

(ii) it is clearly distinguishable from the initial variety and;

(iii) except for the differences which result from the act of derivation, it conforms to the initial variety in the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety."

As Mr Krieno Fikkert, Secretary of the Dutch Plant Variety Rights Board, correctly demonstrated in a meeting called by CIOPORA Nederland[6], the text of this provision is not at all consistent if interpreted to the letter. After all, in indent (i) second part of the sentence, there is the unconditional requirement for an edv that this must retain the expression of the essential characteristics of the genotype of the original variety.
Under (iii), the same requirement is repeated in slightly different terms, albeit with the restriction that this requirement does not apply *" for the differences which result from the act of derivation".*
Fikkert demonstrated that based on the provisions under (i), a colour mutant of a variety of flower cannot be seen as an edv of this, since it has not retained the expression of an essential property of the parent variety, the colour of the flower.

Based on the background to the introduction of dependent plant variety rights, I am of the opinion that a literal interpretation of the aforementioned indent (i) does not do justice to the intention of the 1991 UPOV Convention. After analysing the history of the emergence of the 1991 UPOV Convention[7], in particular if the original proposal for indent (i)[8] is compared with the definitive text, the conclusion seems justified that the drafting of indent (i) was the result of a not entirely successful attempt to simplify the originally proposed and rather complicated text, which did not contain the additional sentence *"while retaining ..."*. After all, nowhere is it evident that the Diplomatic Conference wanted to alter the tenor of the proposed provision. The amendment of the proposed text was dealt with as a "drafting" matter[9]. The proposition was that there must be (genetic) conformity between mother and derived variety with an exception for the characteristics arising out of the "derivation". In the case of the colour mutant, this would be the colour.

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[5] Article Huib Ghijsen, 29.10.1997 (to my knowledge not published).
[6] Leiderdorp, 25 April 2002.
[7] Records of the Diplomatic Conference for the revision of the UPOV Convention, Geneva, 1991.
[8] See p. 30 of the aforementioned Records.
[9] See paragraph 1096 of the aforementioned Records.

The Community legislator acted in line with this. Article 13(6) of the Founding Regulation contains a definition of edv, also based on the UPOV definition, in which the *"while retaining …"* element has been omitted. The result is a text that does not display the inconsistency of the UPOV definition.
It is unfortunate that the Dutch legislator did not follow the Community example in implementing the UPOV Convention, but stuck to the letter of the UPOV Convention.
We shall have to wait and see whether the difference in definition has actual consequences in the sense that under the Dutch legislation a more limited definition of edv must be used than within the framework of the Community system. The judge will have the final say.[10]

With this conclusion I would like to end my introduction.

Bart Kiewiet
President CPVO

[10] L.A.M. Dubois, p. 23 of *Afstudeerscriptie*, Wageningen, August 1998.