

**Legal analysis from the European Union for the meeting of the UPOV HRV WG of
21 March 2023**

I. OBSERVATIONS REGARDING THE DOCUMENT "PROPOSALS CONCERNING THE EXPLANATORY NOTES ON PROVISIONAL PROTECTION" (WG-HRV/2/5)

A. Point 5

Proposals from ISF, CIOPORA, Euroseeds et al

[...] Provisional protection and liability, including compensation and damages, for unauthorised use are reckoned from the filing date or priority date, as the case may be, of the PVP application.

Observation:

- The word "liability", in the context of the "provisional protection", should be avoided. The sentence "liability, including compensation and damages", gives the idea that besides compensation-related measures, other types of enforcement actions can apply. At EU level, the EU is bound by the findings in the *Nadorcott* ruling,¹ where the Court of Justice of the European Union (hereinafter, "CJEU") has made clear that with respect to acts carried out during the provisional period of protection no fully-fledged enforcement can take place.

B. Point 8

This point 8 reads:

The use of the text "at least" clarifies that it is possible, for example, that the provisions on provisional protection in the law governing breeders' rights provide the holder of the breeder's right with the full scope of the breeder's right.

It is recalled that Article 13 (Provisional Protection) of the UPOV Convention reads:

Each Contracting Party shall provide measures designed to safeguard the interests of the breeder during the period between the filing or the publication of the application for the grant of a breeder's right and the grant of that right. Such measures shall have the effect that the holder of a breeder's right shall at least be entitled to equitable remuneration from any person who, during the said period, has carried out acts which, once the right is granted, require the breeder's authorization as provided in Article 14.

Observations:

- The EU has concerns as to whether this point 8 of the document (WG-HRV/2/5) runs contrary to the spirit of Article 13. The UPOV members have an obligation to implement the content of the rules enshrined in the UPOV Convention, and in this case the legislator expressly regulated two types of protection, namely, the provisional protection, and the definitive protection. If Article 13 were to be read as allowing the provisional protection to be as complete as the definitive protection (or, in other words, if the definitive protection could be considered by a UPOV member to begin to run as of the time of the filing or publication of the application instead as of the time of the grant of the right), why would such a distinction in terms of "type of protection" be necessary in the first place? The interpretation proposed thus blurs the line between the provisional protection and the definitive protection, with the

¹ See *Club de Variedades Vegetales Protegidas* (C-176/18) [2019] ECLI:EU:C:2019:1131, referred to here as "Nadorcott ruling" and available at <https://curia.europa.eu/juris/document/document.jsf?jsessionid=589C2A5D54D635231BAC449F1DB83B16?text=&docid=221803&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=2991706>.

consequence that it renders the provisional protection superfluous, because only the definitive protection will exist.

- Point 8 of the document (WG-HRV/2/5) could also run counter to Article 19(2) on the duration of the plant breeder's right ("PBR"). This article lays down that the period of protection begins to run "from the date of the grant of the breeder's right". Opening the door to the possibility of enforcing the *ius prohibendi* already from the date of the filing or of the publication of the application would mean that *de facto* the period of protection begins to run from such date, and not from the date of the grant of the right as required per Article 19(2).
- Further, in the first sentence of Article 13, one reads that each UPOV member must "provide measures designed to safeguard the interests of the breeder". The article thus refers to those measures which are designed to safeguard the interests of the breeder while the application is ongoing (and the PBR not yet granted), and the term "measures" in this context should not be read as referring to enforcement remedies. The wording refers to "safeguarding the interests of the breeder", not to providing the breeder with the *ius prohibendi* at this stage.
- In the second sentence of Article 13, one reads that "[s]uch measures shall have the effect that the holder of the breeder's right shall at least be entitled to equitable remuneration [...]". The EU interprets this legal provision in the sense that the word "at least" makes it possible to provide for a remuneration that is higher than the "equitable remuneration",² such as a compensation equivalent to the loss of profit suffered by the breeder's holder and which may be higher than the "equitable remuneration". Foreseeing higher levels of remuneration of compensation due in relation to acts performed during the provisional period of protection, can provide a disincentive to potentially infringing parties and encourage compliance.
- At EU level, the legislation concerning Community plant variety rights (hereinafter, "CPVR") must be interpreted within the boundaries marked in the *Nadorcott* ruling, where the CJEU has marked a clear distinction in scope between the provisional and the definitive protection, establishing that the *ius prohibendi* only starts as of the grant of the right.³
- The EU draws here attention to Article 14(1)(b), wherein it is stated that "[t]he breeder may make his authorization subject to conditions and limitations". In this legal provision, it is expressly acknowledged that the breeder has the possibility to rely on private contract law to regulate certain aspects relating to the relevant acts encompassed by the scope of the plant variety right, and that this possibility is aligned with the UPOV Convention. Breeders who have applied for a plant variety right that is not yet granted could rely on this caveat to make the relevant contractors to whom they make available material of the candidate variety (e.g. growers) subject to certain conditions and/or limitations relating to the acts covered by the scope of the plant variety right.

II. OBSERVATIONS REGARDING THE DOCUMENT "PROPOSALS CONCERNING THE EXPLANATORY NOTES ON PROPAGATING MATERIAL" (WG-HRV/2/3)

- The EU welcomes the introduction of letter "vii". Even if the notion introduced is covered already under the letter "iii" and could thus be regarded as redundant, it is considered that this letter "vii" has an important symbolic value, as it makes explicitly clear that harvested

² The use of the term "equitable" implies that the level of remuneration varies depending on the case and it is for the national legislation to develop how to determine and calculate the concerned amounts.

³ At EU level, the legal provision regulating the provisional protection, in conformity with Article 13 of the UPOV Convention, is Article 95 of the Basic Regulation, and this article refers only to the possibility to request "reasonable compensation".

material could potentially qualify as well as propagating material and elevates this scenario to a category of its own.

- The EU considers that this change in the EXP Notes is not incompatible with the findings in the *Nadorcott* ruling. The CJEU found here that the protection afforded for “variety constituents” (propagating material) and “harvested material” is different.⁴ The CJEU held that harvested material which is not liable to be used as propagating material requires the fulfilment of the conditions of Article 13(3) Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights (hereinafter, “Basic Regulation” or “BR”) (i.e.: the second stage of the “cascade system” is applicable).⁵ One can infer from the reasoning of the CJEU that, if the product of the harvest is itself also propagating material, then the acts relating to such harvested material are covered under Article 13(2) BR [the equivalent to Article 14(1) of the UPOV 1991 Act, the first stage of the “cascade system”] and thus the conditions of Article 13(3) BR [the equivalent to Article 14(1) of the UPOV 1991 Act, the second stage of the “cascade system”] do not apply.⁶

III. OBSERVATIONS REGARDING THE DOCUMENT “PROPOSALS CONCERNING THE EXPLANATORY NOTES ON ACTS IN RESPECT OF HARVESTED MATERIAL” (WG-HRV/2/4)

A. Point 2 (notion of “harvested material”)

- There is no definition of the notion of “harvested material” in the UPOV Convention. The EU believes that it could be useful to add in the UPOV Explanatory Notes on harvested material a sort of general/approximative definition, to be regarded as an “open” or “example-oriented definition” along the lines of the definition that is found in literature, for instance: “all products of the harvest, as the case may be depending on the variety in question, and which includes fruit, vegetables, mushrooms, flowers, cereals, fodder, and fibres”.⁷
- It can be defended that the intention of the UPOV legislator was to provide the same level of protection to all material of the variety, even if a “hierarchy of rights” (“cascade provision”) was conceived (to ensure that the right is enforced at the upstream stage) and if the use of the term “unauthorised use” results in a sort of second-level protection in practice.⁸ At EU level, it seems that the EU legislator decided to reinforce this idea of the same level of protection to all plant material by enshrining in Article 13(2) BR the reference to “variety constituents, or harvested material of the protected variety”, and indicating that both are referred to indistinctly as “material”, and by indicating in the third indent of this article that in relation to harvested material certain conditions must be fulfilled.

B. Point 5 (unauthorised use)

Definition of “unauthorised use”

⁴ *Club de Variedades Vegetales Protegidas* (C-176/18) [2019] ECLI:EU:C:2019:1131, par. 23.

⁵ *Club de Variedades Vegetales Protegidas* (C-176/18) [2019] ECLI:EU:C:2019:1131, par. 39.

⁶ See A. Crespo Velasco, The CJEU reaches a controversial compromise on the scope of protection of plant variety rights, *Journal of Intellectual Property Law & Practice*, Vol. 15, Issue 12, Dec. 2020, pp. 976-983, p. 979.

⁷ G. Würtenberger et al, *EU Plant Variety Protection*, Oxford University Press (2021, 3d Ed.) section 6.13, p. 137.

⁸ Article 14(1) UPOV Convention refers to propagating material and Article 14(2) to harvested material, foreseeing certain conditions to be fulfilled in regard of the latter.

- There are two possible interpretations of the expression “unauthorised use”: i) a narrow interpretation, whereby the expression refers strictly to “infringing use” [i.e.: the authorisation was required but not obtained, in relation to one or more of the acts in Article 14(1) of the UPOV Convention]; or ii) a broad interpretation, whereby the expression refers to use “without consent”, including not only “infringing use” but also breaches of obligations enshrined in contracts.
- In the *Nadorcott* ruling, the CJEU endorsed the narrow interpretation of “infringing use”, albeit this interpretation referred to the specific context of the mechanism of provisional protection.⁹ Indeed, it was determined that during the period of “provisional protection” the holder cannot prohibit performance of any of the acts set out in Article 13(2) BR [the equivalent to Article 14(1) of the UPOV 1991 Act] on the ground that he/she did not provide authorisation, since no authorisation is required during the period of provisional protection. Hence, performance of such acts does not constitute “unauthorised use” within the meaning of Article 13(3) BR [the equivalent to Article 14(2) of the UPOV 1991 Act]. In addition, the harvested material obtained from the propagating material cannot be regarded as having been obtained through “unauthorised use”, even if harvested after the grant of the right.

Proposals from Japan

Thus, subject to Articles 15 and 16, ‘unauthorised use’ refers to the acts listed in (i) to (vii) above in respect of propagating material and the relevant acts such as planting and growing (cultivation) the propagating material for the purpose of producing harvested material in the territory concerned [...].

- The EU cannot support the proposed addition, because this would contravene what was found by the CJEU in the *Nadorcott* ruling when interpreting Article 13(2) of the Basic Regulation (the equivalent to Article 14 of the UPOV Convention).¹⁰ The EU also agrees with the remarks of AIPH in regard of Japan’s proposal.
- The EU refers to what the Advocate General recalled in his Opinion on the *Nadorcott* case (pars. 32-34), namely, that the acts proposed by Japan were originally excluded intentionally from the text of the UPOV Convention:¹¹

[...] the history of the UPOV Convention, as revised in 1991, reveals the intention of its authors not to include the use of reproductive material for the purpose of producing a harvest amongst the acts which require the authorisation of the breeder. That inclusion was, nevertheless, specifically referred to in Article 14(1)(a) of that convention as initially proposed by the UPOV¹² — a reference which would,

⁹ *Club de Variedades Vegetales Protegidas* (C-176/18) [2019] ECLI:EU:C:2019:1131, pars. 44 and 46. See also P. de Jong, “The Protection of Vines, Grapes and Wine under Plant Variety Rights Law, with a Particular Focus on the EU” in J. Chaisse, *Wine Law and Policy: From National terroirs to a Global market*, Koninklijke Brill NV, Leiden, 2020, pp. 515-517.

¹⁰ See par. 29 in *Club de Variedades Vegetales Protegidas* (C-176/18) [2019] ECLI:EU:C:2019:1131:

Consequently, the planting of such a protected variety and the harvesting of the fruits from plants of that variety may not be regarded as an ‘act of production or reproduction (multiplication)’ of variety constituents within the meaning of Article 13(2)(a) of Regulation No 2100/94, but must rather be regarded as the production of harvested material which, pursuant to that provision read in conjunction with Article 13(3) of that regulation, requires the authorisation of the holder of a Community plant variety right only where that harvested material was obtained through the unauthorised use of variety constituents of the protected variety, unless that holder had reasonable opportunity to exercise his or her right in relation to those variety constituents.

¹¹ Opinion of the Advocate General Saugmandsgaard Øe in *Club de Variedades Vegetales Protegidas* (C-176/18) [2019], ECLI:EU:C:2019:758, available at <https://curia.europa.eu/juris/document/document.jsf?jsessionid=589C2A5D54D635231BAC449F1DB83B16?text=&docid=217872&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=2991706>, pars. 32-34.

¹² See Article 14(1)(a)(viii) of the Basic Proposal prepared by the UPOV (Records of the Diplomatic Conference for the revision of the International Convention for the Protection of New Varieties of Plants, Geneva, 1991) (‘the Records of the 1991 Diplomatic Conference’), Basic Texts, p. 28 and Summary Minutes, paragraphs 859 to 876).

moreover, have been unnecessary if the concept of 'production', also referred to in that provision, already covered such use.¹³

In that regard, several proposals for amendments to support the insertion of the use of reproductive material for the production of cut flowers or fruit among the acts referred to in Article 14(1)(a) of the UPOV Convention, put forward during the Diplomatic Conference which led to its adoption, motivated the creation of a working group mandated to examine that issue.¹⁴ [...] [t]hat working group and, subsequently, the authors of the UPOV Convention rejected those proposals.

It was decided, in balance, to recognise, in Article 14(1)(b) of the UPOV Convention (the content of which is reproduced in the last sentence of Article 13(2) of Regulation No 2100/94), the breeder's power to make the authorisation of the acts for which his consent is required subject to certain contractual conditions and restrictions.¹⁵ These may concern, *inter alia*, the methods for planting the variety constituents and harvesting the fruit from variety constituents, the multiplication of which is subject to the breeder's authorisation.

- The CJEU confirmed the remarks of the Advocate General in the *Nadorcott* ruling, by stating that "it is apparent from the *travaux préparatoires* relating to Article 14(1)(a) of the UPOV Convention that the use of propagating material for the purpose of producing a harvest was explicitly excluded from the scope of that provision which establishes the conditions for the application of primary protection, which corresponds to that of Article 13(2) of Regulation No 2100/94."¹⁶

C. Point 6 (examples)

Proposals from the Netherlands and AIPH, and Proposals from ISF, CIOPORA, Euroseeds et al

- The EU agrees to the examples suggested and the explanations provided in this regard.

D. Point 7 (conditions and limitations)

Proposal from Japan

- The EU agrees with AIPH in that clarification is needed on what is exactly meant with the expression "the relevant acts", and remits to what is already stated above in this document under "point 5 (unauthorised use)".

E. Point 12 (reasonable opportunity to exercise their right)

Proposals from ISF, CIOPORA, Euroseeds et al

- The EU considers that an approximation of the notion of "reasonable opportunity" could be sought, albeit recalling that the term "reasonable" already implicitly presupposes that the application of the notion may vary depending on the case in question. For instance, in the form of a list of conditions that should apply cumulatively to consider that the reasonable opportunity to exercise the right existed in a particular case, namely:
 - The opportunity to exercise the right presupposes the existence of the right;¹⁷

¹³ See Records of the 1991 Diplomatic Conference, Summary Minutes, paragraphs 1024 and 1534.2.

¹⁴ See Records of the 1991 Diplomatic Conference, Summary Minutes, paragraphs 1005 to 1030.

¹⁵ See Records of the 1991 Diplomatic Conference, Summary Minutes, paragraphs 1529.2, 1529.3 and 1543. See, also, the Report of the Working Group which is included in the conference documents (Records of the 1991 Diplomatic Conference, p. 145 to 148).

¹⁶ *Club de Variedades Vegetales Protegidas* (C-176/18) [2019] ECLI:EU:C:2019:1131, par. 37.

¹⁷ No reasonable opportunity to protect a right may arise where a right is not yet granted.

- The opportunity to exercise the right concerns the territory covered by the scope of protection of the right;¹⁸
 - The holder must have had knowledge of the alleged unauthorised use of the propagating material;¹⁹
 - The opportunity to “exercise the right” must be real and not merely hypothetical (as remarked by the use of the word “exercise”), that is, tangible effective enforcement tools must have been available to the holder.
- Whether the notion of “reasonable opportunity” applies or not in a specific scenario is something that should be duly assessed on a case-by-case basis, having considered all the circumstances at hand. Hence, the EU is not in favour of the addition proposed “the absence of a reasonable opportunity may be assumed, and it will be up to the alleged infringer to prove the contrary”, as this seems to be a significant generalisation.
 - Attention must be drawn to the way Article 14(2) of the UPOV 1991 Act is worded: “harvested material [...] obtained through the unauthorized use of propagating material of the protected variety shall require the authorisation of the breeder, unless the breeder has had reasonable opportunity to exercise his right in relation to the said propagating material.” In this sentence, for the authorisation of the holder to be required, the condition that the harvested material must have been obtained through an unauthorised use of propagating material must apply. There is then an exception to this situation, and it is that where the breeder has had a reasonable opportunity to exercise the right: in this case, no authorisation from the breeder would be required, as it is considered that he/she already had a chance to exercise the right at the upstream level (propagating material) and failed to do so, and this failure cannot be thus remedied at downstream level (harvested material).
 - For this reason, the analysis relating to the alleged infringer must in principle take place in relation to the alleged “unauthorised use of propagating material” first, and then as a second step it must be analysed whether the holder had (or not) a reasonable opportunity to exercise the right in this regard. In consequence, departing from a generally applicable assumption that there is an absence of reasonable opportunity and that it is up to the alleged infringer to prove the contrary constitutes a generalisation that reverses the burden of proof to the detriment of the alleged infringer. In line with the principle that it is a matter for breeders to enforce their rights, as plaintiff they should bring forth a persuasive narrative, accompanied by the appropriate evidence such as declarations/affidavits.
 - The question on whether a holder had reasonable opportunity to exercise its rights against the propagating material from which the harvested material was obtained must be answered in the light of the territorial scope of the right. In line with the rules on exhaustion, a holder cannot be considered to have had reasonable opportunity to exercise the right against propagating material that was located outside the territory of protection.

¹⁸ The holder cannot be considered to have had reasonable opportunity to exercise the right against harvested material outside the territory covered under the right.

¹⁹ The holder cannot be considered to have had reasonable opportunity to exercise the right if he/she was not aware of the existence of the unauthorised use.

IV. INTERFACE BETWEEN ARTICLE 14 (SCOPE OF THE RIGHT) AND ARTICLE 16 (EXHAUSTION) OF THE UPOV CONVENTION

- Article 14 should be read in conjunction with Article 16 and the generally established principles of exhaustion and thus interpreted in a holistic manner. This is in line with the spirit of the UPOV legislator, as emphasised by the introductory wording in both its first and second indents (“Subject to Article...16”).
- Article 14 regulates a mechanism of cumulative enforcement conditions in relation to harvested material, which was designed to avoid “double dipping” by the holder (i.e.: enforcing the rights twice, a first time against the propagating material and a second time against the harvest). The mechanism is designed so that the right is enforced at the upstream level (propagating material) and, only when this proves not possible, can the right be enforced at the downstream level (harvested material).
- In Article 16(1), it is basically established that the right is considered to have been exhausted if material of the variety has been marketed by the holder or with his/her consent in the territory concerned. Thus, the right cannot extend to acts concerning any material of the variety, unless one of the two exceptions listed in letters i) and ii) apply. The *rationale* behind is that the holder has already been compensated for the placing on the market of a variety, and the plant material should now freely circulate for the benefit of the users of varieties.
- The key element in Article 16 of the UPOV Convention is the consent of the holder, and then the act under the lens must be an act of “selling or otherwise marketing”, that is, the material must have been placed into the market for a commercial purpose. What is significant is that this provision refers to any type of material of the variety, as clarified explicitly in the second indent, thus covering both propagating and harvested material (as well as any product made directly from the harvested material).
- The articulation between Article 14 and Article 16 must be regarded as one where the application of the former is conditional upon the application of the latter, that is: only if the right was not exhausted, can the right be enforced pursuant to Article 14. As already seen, in the case of exhaustion, it is irrelevant whether the holder consented to the marketing of the material of the variety in relation to propagating material or in relation to harvested material.
- At EU level, the CJEU confirmed this interrelation aspect (in the context of the equivalent EU legal provisions) in the *Greenstar-Kanzi* judgment, establishing that “it follows from Article 16 [of the Basic Regulation] [...] that [...] the action for infringement [...] can be envisaged only to the extent that the holder’s right is not exhausted”.²⁰ In this case, the CJEU issued its findings in relation to conditions and limitations in a licensing contract in relation to a matter of exhaustion of the right.²¹ In this regard, the CJEU indicated that the holder’s “consent” was relevant only in respect of “a condition or limitation in the licensing contract relating directly to the essential features of the Community plant variety right”, and that the

²⁰ See *Greenstar-Kanzi Europe* (C-140/10) [2011], ECLI:EU:C:2011:677, available at <https://curia.europa.eu/juris/document/document.jsf?text=&docid=107881&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=4405>, par. 32.

²¹ For example, in the case giving rise to the judgment, the agreements between the breeder of the protected variety of apple trees and the members of the marketing network of fruit from that variety of trees involved “specifications” containing restrictions on, inter alia, the production of the fruits and on the production, preservation, selection and marketing of the fruits. See par. 10 of the judgment *Greenstar-Kanzi Europe*. It is also noted that Article 27(2) of the Basic Regulation expressly provides for the possibility, for the holder, to invoke the rights conferred on him by the plant variety right against a person enjoying the right of exploitation (e.g.: licensee) where that person contravenes any of the clauses of the licensing contract. See, in this regard, *Greenstar-Kanzi Europe* (C-140/10) [2011], ECLI:EU:C:2011:677, par. 40.

infringement of “contractual provisions of any other nature in the licensing contract” did not prevent the exhaustion of the holder’s right.²² Following this logic, it could also be interpreted that not “any condition and limitation” in a contract can be enforced pursuant to PVR law, but only those “directly relating to the essential features of the right”.

- Attention must then be drawn to the second exception in Article 16(1) of the UPOV 1991 Act, according to which the PBR shall not extend to acts concerning any material of the protected variety “unless such acts involve an export of material of the variety, which enables the propagation of the variety, into a country which does not protect varieties of the plant genus or species to which the variety belongs [...]”. The underlying idea here can be held to be that the holder is deprived of a reasonable opportunity to exercise the right against the subsequent exportation to which he/she did not consent.
- The EU believes it could be useful to include in the UPOV EXP Note on harvested material a section specifically devoted to the articulation between Article 14 (scope of the right) and Article 16 (exhaustion) of the UPOV Convention in practice.
- The EU can also propose a practical example of the articulation between the notion of exhaustion and the scope of the PBR: if in Country A, where the variety is protected, the propagating material is produced and the material is exported to Country B for the production of harvested material in this Country B, and then the harvested material is re-introduced in the territory of Country A for marketing, in the event where no material of the protected variety has yet been marketed, the right cannot be considered to have been exhausted because the holder never consented to the act of marketing in the territory of Country A (territory of protection). This means that the holder can enforce the right pursuant to Article 14 of the UPOV 1991 Act in relation to the import of the harvested material.

²² See par. 43 in *Greenstar-Kanzi Europe* (C-140/10) [2011], ECLI:EU:C:2011:677, reading as follows:

If the referring court were to establish that the protected material was disposed of by the person enjoying the right of exploitation in breach of a condition or limitation in the licensing contract relating directly to the essential features of the Community plant variety right, it would have to be concluded that that disposal of the material, by the person enjoying the right of exploitation to a third party, was effected without the holder’s consent, so that the latter’s right is not exhausted. However, infringement of contractual provisions of any other nature in the licensing contract does not prevent exhaustion of the holder’s right.