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INFORMATION FROM UPOV

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Fifth Session of the Committee of Experts on the Interpretation and Revision of the Convention - Fifteenth Session of the Consultative Committee

The Committee of Experts on the Interpretation and Revision of the Convention (hereinafter referred to as "the Committee") held its fifth session from March 8 to 11, 1977, partly in the presence of observers representing the following non-member States and international non-governmental organizations: Australia, Canada, Hungary, Ireland, Japan, New Zealand, Poland, South Africa, Spain, Switzerland, United States of America; International Association of Horticultural Producers (AIPH), International Association for the Protection of Industrial Property (AIPPI), International Association of Plant Breeders for the Protection of Plant Varieties (ASSINSEL), International Federation of the Seed Trade (FIS). The seven member States, Switzerland (in its capacity as signatory State) and South Africa (in its capacity as a State having formally applied for accession in accordance with Article 32 of the Convention) were represented throughout the session. The session was chaired by Mr. H. Skov (Denmark).

The agenda adopted by the Committee for its fifth session included, in particular, discussion of the revision of the substantive provisions of the UPOV Convention. The observers were given the opportunity to comment on the revision proposals which were prepared by the Office of the Union on the basis of the results of earlier sessions, supplemented by written observations and proposals submitted by some non-member States and international organizations before the start of the session.

Further items on the agenda were the examination of proposals for the revision of the part of the Convention containing the general treaty law provisions, and the consideration of some drafting questions concerning the authentic French text and the official translations in English and German of the UPOV Convention.

The Committee finally examined some questions pertaining to the organization of the Diplomatic Conference, in particular a first draft of the Provisional Rules of Procedure.

With respect to the revision of the Convention, the Committee reached provisional conclusions on most of the proposals for amendment. As for future procedure, the Consultative Committee, which met immediately after the session of the Committee, under the chairmanship of Mr. B. Laclavière (France), President of the Council, decided the following:

- (i) the sixth session of the Committee would be held from September 20 to 23, 1977, and would be restricted to the members of the Committee itself;
- (ii) the sixteenth session of the Consultative Committee and the eleventh session of the Council would be held on December 5 and 9, 1977, and from December 6 to 9, 1977, respectively;
- (iii) the Council would be invited to approve the preparatory documents for the Diplomatic Conference, which should be distributed, according to the envisaged timetable, in January 1978. As for the Diplomatic Conference, it was scheduled to take place in October 1978.

Seventh Session of the Committee of Experts on International Cooperation in Examination

The Committee of Experts on International Cooperation (hereinafter referred to as "the Committee") held its seventh session on May 17, 1977, jointly with the tenth session of the Technical Steering Committee, under the chairmanship of Mr. J.I.C. Butler (Netherlands). The seven member States of UPOV, South Africa, Spain and Switzerland were represented.

The experts reported on the bilateral agreements on cooperation in the examination of new varieties of plants that had already been concluded and announced in the Newsletter or were under preparation. It was agreed in this connection that the list of species for which offers for cooperation in examination had been made would be revised and updated at the next Committee's session, to be held on Wednesday, November 16, 1977. On that occasion, due account would be taken of the suggestions

made by the Vegetable Section of ASSINSEL with respect to the centralization of the examination of vegetable varieties. It was recalled that the Committee's mandate was to study the possibility of introducing international cooperation in the examination of varieties for the purpose of the grant of plant breeders' rights. The Committee's work could also serve other purposes, but only in so far as the examination was conducted according to the same principles as those adopted in the field of plant breeders' rights.

The Committee examined a draft UPOV Model Form for the Request of Examination Results, which was to be finalized at its next session. The Model Form would serve as a basis for the national forms of the member States with a view to improving the flow of information on the examination of plant varieties pursuant to bilateral agreements on cooperation in examination.

#### Tenth Session of the Technical Steering Committee

The tenth session of the Technical Steering Committee (hereinafter referred to as "the Committee") was held from May 16 to 18, 1977, under the chairmanship of Dr. D. Böringer (Federal Republic of Germany). The seven member States of UPOV were represented.

The Committee continued its work on data recording and interpretation. It felt that it was still too early to study the proposals received from the professional organizations on this matter, and decided that they should be studied first by the Technical Working Parties for Agricultural Crops and for Vegetables before being discussed by the Committee.

The Committee also continued its discussion on the standardization of the terminology of simple symmetrical plane shapes for the purposes of the Test Guidelines and examinations based thereon. The discussion will be continued further at the next session, when a further proposal will be submitted.

The Committee had an initial discussion of the question of multiline varieties. It agreed that at present there was only one possibility, namely to consider and treat each line of such a variety as a separate variety. The Committee eventually agreed to rediscuss this subject during its November session and to decide at that time whether the whole question would have to be brought before the Council.

The Committee adopted the Test Guidelines for Alstroemeria (document TG/29/3), Streptocarpus (document TG/47/2) and Red and White Currants (document TG/52/2).

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### INFORMATION FROM INTERNATIONAL ORGANIZATIONS

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#### ASSINSEL Prize

The International Association of Plant Breeders for the Protection of Plant Varieties (ASSINSEL) has sent us the following information:

"The Association decided in its annual meeting held at Monterey, California, United States of America, on May 17, 1977, to create a Prize to the value of 5 000 Swiss francs for outstanding research in the field of plant breeding. This Prize will reward scientists who have substantially contributed to the improvement of plant breeding methods by fundamental research during the past four years. Practical breeding activities or breeding results will not be rewarded.

The ASSINSEL Prize will be awarded for the first time in May 1978 on the occasion of the General Assembly of ASSINSEL to be held in Hamburg, Federal Republic of Germany. In order to qualify for the Prize, authors, scientific research institutes or members of ASSINSEL should send their relevant publications to the following address:

ASSINSEL, Poststrasse 10, CH-4500 Solothurn/Switzerland

They should reach the Office of ASSINSEL on December 1, 1977, at the latest.

The decision on the award of the Prize will be taken by an international panel of three scientists and will be final."

The ASSINSEL Prize has been created on the advice of a special committee established for this purpose and chaired by Mr. J.E. Veldhuyzen van Zanten.

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INFORMATION FROM MEMBER STATES

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Italy: Ratification of the Convention and of the Additional Act

In accordance with the provisions of Article 31(2) of the Convention and of Article V(5) of the Additional Act, the Government of the Italian Republic deposited, on June 1, 1977, its instrument of ratification of the International Convention for the Protection of New Varieties of Plants of December 2, 1961, and of the Additional Act of November 10, 1972.

Thus the Convention, as amended by the Additional Act, entered into force with respect to Italy on July 1, 1977.

Pursuant to Article 33(1) of the Convention, the Government of the Italian Republic indicated that Italy undertook to apply the provisions of the Convention to the following genera and species: Wheat, Barley, Rice, Lucerne, Red Clover, Rose, Carnation, Vine (including rootstocks) and Poplar.

Pursuant to Article 4(5) of the Convention, the Government of the Italian Republic declared that Italy would apply, with regard to the protection of new varieties of plants, Articles 2 and 3 of the Paris Convention for the Protection of Industrial Property. This means that the following persons are entitled to protection in Italy: nationals of member States of UPOV and of the member States of the Paris Union for the Protection of Industrial Property, as well as natural persons and legal entities resident or having their headquarters in any of those States.

Switzerland: Ratification of the Convention and of the Additional Act

In accordance with the provisions of Article 31(2) of the Convention and of Article V(5) of the Additional Act, the Government of the Swiss Confederation deposited, on June 10, 1977, its instrument of ratification of the International Convention for the Protection of New Varieties of Plants of December 2, 1961, and of the Additional Act of November 10, 1972.

Thus the Convention, as amended by the Additional Act, entered into force with respect to Switzerland on July 10, 1977.

Pursuant to Article 33(1) of the Convention, the Government of the Swiss Confederation indicated that Switzerland undertook to apply the provisions of the Convention to the following genera and species: Wheat (Triticum aestivum L.), Maize (Zea mays L.), Red Clover (Trifolium pratense L.), Ryegrass (Lolium spec.) and Apple (Malus domestica Borkh.).

The Government of the Swiss Confederation further declared that

(i) nationals and residents of any member State of UPOV would be entitled to the same rights as Swiss nationals or foreigners having their residence or registered office in Switzerland, provided that that member State protected the same species or that the variety belonged to a genus appearing in the list in the Annex to the Convention, and that

(ii) Articles 2 and 3 of the Paris Convention for the Protection of Industrial Property would be applicable within the limits set forth in Swiss legislation.

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INFORMATION FROM NON-MEMBER STATES

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Spain: General Rules on the Protection of New Plant Varieties

General Rules on the Protection of New Plant Varieties were approved by Royal Decree 1674/1977 of June 10, 1977, and were published in Boletín Oficial del Estado No. 164 of July 11, 1977. They entered into force on July 11, 1977.

## Usage, Practices and Contracts for the Distribution of New Plant Varieties \*

Lodo LODI \*\*

### 1. The Distribution of New Plant Varieties Prior to 1949; "Carnation Renting Contracts"

In Italy, the first definition of the term "plant novelty" was proposed at a meeting of the AOPI (*Associazione Orticola Professionale Italiana*) convened on the initiative of Professors Petri and Fergola at Genoa in 1912.

Protection of breeders' rights was first suggested at the exhibition of new large-scale agricultural varieties held on the Saccardo estate in Rome in 1914.

At that time, distribution of plant varieties was handled by nurserymen, persons active in the seed field and also, on a much more modest scale, by the few pioneers in hybridization and seed selection who distributed their products for experimental purposes without claiming any author's right.

Then, more than ever, the experimental phase was obligatory because agriculturists, inclined to tradition, were attached to obsolete varieties (as still is the case in certain sectors) which, although still exploitable, had been superseded by new cultivars which met the newly-created storage and transport requirements of trade and industry, and were above all of greater agricultural value.

Varieties were distinguished by ancient denominations listed in breeders' catalogues and distribution was governed mainly by purchase and sales contracts. Usage, practice and special clauses were called upon to set the market value of seeds and the guaranty of establishment (rooting) of fruit trees. Very few court decisions were rendered on such contracts. The most notable cases involved contractual obligations and the allegation of latent defect, for example, as a result of the presence of dodder in a lot of clover seed (Court of Turin, May 19, 1922). Others concerned lack of germinating capacity, etc.

Royal Decree No. 1361 of July 1, 1926, contained the first ruling on seed germinating capacity.

(a) In the cereals sector, the maintenance of the new varieties propagated and distributed since 1925 was placed under government control. Later, as a result of Law No. 54 of April 28, 1938, a National Register of Selected Wheat Varieties was established.

This Law and subsequent decrees contained limitative provisions intended for farmers growing wheat for seed production. Only one variety could be produced on each holding unless the exploitation made use of a cultivable space and an appropriate agricultural material.

Distribution was subjected to a system of official control and the product so obtained was distinguished by a mark issued by the National Institute of Genetics for Cereal Crops. Of significance is the fact that the 1938 Law specifically stated that the mark's only purpose was to certify that the seed came from controlled cultures.

Further provisions on the distribution of Italian and foreign plant varieties appear in Law No. 947 of June 18, 1931, which deals with the protection of cultivated plants and agricultural products against harmful agents and with services relative thereto, and in the subsequent Royal Decree No. 1700 of October 12, 1933, which is still in force.

There existed at that time supervisory services for plant protection, and associations devoted to battling plant diseases and to the development and improvement of plant cultures.

At a later stage, fellowships were awarded to technicians specialized in agricultural entomology and plant pathology. Concerning plant improvement, no provisions for the breeding of new varieties were made. Indeed, existing ones were very strongly defended. Particular attention was given to new developments in the field of cereal production, where the breeding of new varieties was considered to be in the public interest and was entrusted to the Institute of Genetics run by Professor Nazareno Strampelli.

(b) At that time, fruit growing was already well-developed. From modest orchards it had reached a very high production level and was beginning to be considered as an industry. The old traditional fruit varieties were replaced by foreign cultivars, distributed by nurserymen who gathered them with infinite care, propagated them, grew them experimentally and publicized them widely in their catalogues, which grew bulkier and increasingly more detailed.

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\*\* Reprinted from "Industrial Property", 1976, page 185 *et seq.*, with the kind permission of the author and the WIPO.

Nurserymen took on the role of distributors, responsible for new varieties. In that sector, as well as in the sector of horticulture, distribution was effectuated mainly by purchase and sales contracts containing the particular clauses mentioned above concerning the guaranty of establishment and the quality of grafting (pear varieties grafted on quince rootstocks, etc.).

(c) In the floriculture sector, on the other hand, after the initial successes achieved by Italian breeders, for which the usual prizes and medals were awarded, a new type of contract emerged, initially in the Province of Imperia and later in other provinces where flower growing was expanding most rapidly.

This contract was known as a "carnation renting contract" (*contratto d'affitto del garofano*). Its exact date of origin is unknown as it was not, in the early stages at any rate, put into writing.

Under the contract's early versions, a breeder customarily "leased" a specified number of rooted cuttings to a limited number of growers with whom he was associated, on the following conditions:

- 1) The grower was not allowed to propagate the new variety; the specified number had to be scrupulously observed and all excessive growth had to be destroyed.

- 2) Before offering the cut flowers for sale, the grower was required to meticulously remove from the flower any part thereof likely to permit propagation.

- 3) The grower had to pay either a lump sum or a percentage of the market price to the breeder, daily or periodically.

- 4) The breeder was entitled to carry out inspections without notice, either at the site of cultivation or at the market place.

- 5) The grower undertook to completely destroy all or some of the plants in the event of a downturn in prices, with a view to reducing supply and therefore reestablishing a more remunerative price.

This last clause, which was duly observed without objection, although objections might have been justified in some cases, demonstrates that among the obligations undertaken by the parties, the "renting" agreement was a *sui generis* form of association since the lessor had an overpowering right of life and death over the plants. The arrangement was nevertheless tolerated by growers, who were well aware of the need to protect and increase the value of a new variety.

In fact, if a variety were successful, the profits made on a limited cultivation were often higher than those obtained on varieties cultivated in greater quantities.

At that time, now long past, the grower submitted to the above requirements and respected the breeder, to whom he attributed almost magical powers, in order to have the future assurance of being the privileged "renter" of other new plant varieties.

## 2. Usage and Practices: A) In the Province of Imperia; B) In the Province of Pistoia

In 1949, as a result of the systematic repetition of carnation renting contracts, which were later extended to other species of ornamental plants for the production of cut flowers, and at the prompting of the most authoritative growers, the Chamber of Commerce, Industry and Agriculture of the Province of Imperia published in the Official Compilation of Usages and Practices (*Raccolta ufficiale degli usi e consuetudini*) a summary of all contractual practices. These practices, which initially took the form of verbal agreements but were now put in writing, had finally developed into a recognition of a breeder's "copyright" on new plant varieties.

A) Article 46 of this Compilation reads as follows:

"*Floral varieties*: It is recognized that new floral varieties are the property of the person who has either produced or purchased them. Such a person may authorize sharecroppers or third parties to produce a variety, but solely for the purpose of exploiting the flowers. This recognition of the breeder's right entitles him or his successor in title to payment of compensation which varies from one growing season to the next. Such compensation consists either of a percentage of the value of the gross saleable quantity produced by the grower, or of a fee for each one of the plants ceded for cultivation. Unless otherwise agreed, the breeder retains an exclusive property right over the new floral varieties and may dispose of them at any time.

"If the variety is sold, the grower may exploit the plant up to the termination of the seasonal contract, but only in respect of cut flowers. Usually, notice of termination is given by either party before December 31. It is customary, when checking the number of plants leased against a fixed compensation, not to take into account those which have failed to grow."

The following was later added: "New varieties may be either 'patented' (in accordance with the regulations on industrial patents) or entered into the register of new floral varieties at the O. Raimondo Floriculture Experimental Station at San Remo. As a rule, four plants of the variety to be registered are supplied to this Experimental Station

for cultivation on the 'maintenance plot' and to serve as samples in the event of a dispute. "

B) In the Official Compilation of Usages and Practices published in 1965 by the Chamber of Industry, Agriculture and Handicrafts of the Province of Pistoia, the following articles appear under the heading "Growing leases for new floral varieties: "

Art. 1. *Growing leases*: "It is customary for owners of registered new floral varieties, carnations in particular, to lease small plants for cultivation for a period of one year on the basis of the following contractual clauses."

Art. 2. *Form of contract*: "The grantee signs a statement in which he explicitly declares having received from the grantor a specified number of carnation (or other) plants of the variety indicated by its registered denomination. He expressly recognizes that the variety is the exclusive property of the grantor and that the purpose of the contract is to enable him to cultivate that variety on plots either owned or used by him, for the year specified. The grantee solemnly undertakes to comply with the terms of the contract. "

Art. 3. *Contractual clauses*: "The clauses contained in most contracts require the lessee:

(a) to identify and make available to the grantor those plants of different varieties which were erroneously included in the quantity provided, and all the "sports" of that variety, if any, which shall remain the exclusive property of the grantor;

(b) at the time the flowers are picked, to separate from the flowers all cuttings for propagation, and either deliver them to the grantor or his representative, or make them available to them;

(c) not to propagate the plants without the grantor's written consent;

(d) not to provide cuttings or plants to third persons, whether they be growers or private individuals, without the grantor's consent;

(e) to notify the competent authorities and the grantor of any theft of cuttings or plants;

(f) to destroy the plants at the end of the growing season specified in the contract or, in any case, not later than December 31. "

### 3. Usage and Practices in Case Law

The main points of a decision rendered by the Court of San Remo on June 23, 1955, are reproduced below. The decision was published in its entirety in *Rivista di diritto agrario* (1956, p. 1, with a critical comment by Frassoldati):

"The legal regulations with regard to intellectual achievements and industrial inventions do not exclude the protection of new floral varieties such

as it has become established in practice.

"Therefore, the practice referred to in Article 46 of the Compilation of Usages in force in the Province of Imperia is entirely valid. According to this practice, new floral varieties are the property of the person who has either produced or purchased them, provided that such varieties are registered at the O. Raimondo Floriculture Experimental Station at San Remo.

"On the basis of Article 8 of the Compilation, the *praeter legem* practice is admissible, not only for legal institutions but also for simple legal relationships for which there are no specific provisions in written law. "

The above decision was the subject of critical comments which will be referred to later. At this juncture, it is worth reproducing some of the reasons for the decision rendered by the Court of Florence on November 21, 1957, which can be regarded as particularly important in evaluating the legal nature of contracts which have developed from usage and practice. The decision was published in *Giustizia civile*, 1958, p. 584:

"The affirmation of the concept of 'floral varieties' as intangible property distinct from that of the single plants themselves or the flowers produced therefrom, and as belonging to the breeder of the new variety, has led to the formation of usage and practices on the national horticultural market which, while pending appropriate legislation, have already created a real and absolute right to legal protection.

"With regard to the marketing of the above-mentioned 'varieties,' as opposed to the ordinary sale of flowers, the following transactions are noted and recognized: (1) sale of the variety as such, that is, the transfer of the absolute right to the intangible property to a purchaser; (2) grants by the owner of the variety to other persons to cultivate and use a specified or unspecified number of plants of the variety in question, but solely for the purpose of exploiting the flowers produced by the plants; (3) (applicable only to varieties in decline) sale, as such, of plants or cuttings to several purchasers, that is, the transfer of entities together with all their attributes, which results in an uncontrolled distribution to the public.

"The transaction described in (2) above constitutes a special type of innominate contract whose purpose is the granting of the enjoyment of a productive thing by the acquisition of its products, in return for a certain amount of compensation. The distinctive feature of this contract is that it is the intangible property (invention of the floral variety) incorporated in the thing itself (the plant) which basically constitutes its economic



value. Thus, enjoyment of the thing (the plant) essentially amounts to a special form of grant of a right to use the intangible property (the variety as such).

“Such a contract, which has the basic features common to all rental agreements, albeit with its own peculiarities, is not comparable to a sales transaction even when it provides for a special payment to the breeder for the plants supplied, since these plants, in the economic function of the judicial relationship, enter into consideration not on account of their intrinsic value as the object of a transfer of ownership, but in a purely instrumental function as providing a means for the physical realization of the use and enjoyment of the contents, which is the object of the contract, while the ownership of the thing remains with the grantor.

“Quite apart from the direct application of the interpretative criteria contained in Article 1370 of the Civil Code, a more general principle seems to emerge which, with more caution and less trust, might be extended to any hypothetical situation where a contractual document is drawn up by one party and agreed to by the other.

“The final contractual clauses which define the overall obligations of both parties in the execution of the contract, such as reciprocal correct behavior and abstention from acts prejudicial to the other party, cannot be regarded as constituting other bonds and obligations beyond those specifically set out in the contractual document.”

The Court of Appeals of Florence rendered a decision (which has not been published) on this controversial issue on January 30, 1959. What follows is an account of the principles contained in that decision as formulated by this author and published in *Giurisprudenza Agraria Italiana*, 1974, II, p. 473:

“A growing concession contract based on established usage and practice cannot be regarded as a property conveyance contract because when a plant is transferred to the possession of a grower, he acquires an enjoyment limited to the flower which results from the plant. This enjoyment does not extend to the cuttings or to the plant itself after germination and after the removal of its flower.”

The Supreme Court of Appeal (*Suprema Corte di Cassazione*) (Section No. 1, February 3, 1964, No. 224) also rendered a decision on this controversial question, which was published in *Giurisprudenza Agraria Italiana*, 1961, p. 507, with a comment by L. Vannicelli:

“In the flower-growing sector, a growing concession contract does not give rise to the sale of the plants, since the breeder is not transferring the property but merely the enjoyment of the plants,

with a right to make use of the flowers obtained therefrom.

“Thus, in a growing concession, a breeder retains ownership of the plants and may freely dispose of them at any time, while the grower is authorized to cultivate the plants solely for the purpose of exploiting the flowers.”

This decision was also published in *Foro Italiano*, 1961, I, p. 1360, with a comment by M. C. del Re.

#### 4. Usage and Practices in Doctrine

An authoritative view on the protection of breeders' rights has been expressed by Franceschelli (“*Protection des nouveautés végétales et des marques*,” *Rivista di Diritto Industriale*, 1962, II, pp. 73-74). Franceschelli based his view on the decisions referred to above, which recognize the admissibility of protecting the rights of the breeder of a new plant variety or his successor in title, not on the basis of special regulations, but on established practice. Franceschelli writes as follows:

“Apart from the possibility of protecting new plant varieties by the filing of a patent of invention, Italian jurisprudence has repeatedly maintained that plant products may be protected without the filing of such patent, on the basis of legal usage and practice, whereby a new floral variety is the property of the person who has produced or purchased it. The decision of the Court of San Remo of June 25, 1955, and that of the Court of Florence of November 21, 1957, were rendered according to this view.

“The foregoing is of great importance, since the interest of obtaining protection for new plant varieties and their products on the basis of legal usage and practice is as follows: usage provides a form of protection that is probably more intensive, and definitely of longer duration, than that of a patent.”

Mangini, in an article entitled “*Privativa agricola*,” published in *Novissimo Digesto XIII*, p. 898, supports Franceschelli's view: “Particularly worth mentioning is the 1954 decision of the Court of San Remo according to which the existence of a system of regulation provided by the special law on industrial inventions does not preclude protection of new plant varieties on the basis of established practice.”

Vignoli, in “*Tutela della varietà floreale, e il cosiddetto 'affitto del garofano'*,” published in *Rivista di diritto agrario*, 1969, p. 299, notes that:

“A specific protection had at that point become so necessary and urgent that the Chamber of Commerce of the Province of Imperia recognized, in its Official Compilation of Usages and Practices in the Province of Imperia, that new floral varieties are the exclusive property of the persons who have

produced them. This principle was endorsed by case law according to which regulations provided by laws concerning intellectual creations and industrial inventions do not preclude the protection of new floral varieties on the basis of practice.”

However, it has also been maintained that practices cannot affect matters already governed by written laws, whether in the form of exceptions or of additions to such laws, unless an express reference to practice is contained therein.

The confusion arises mainly from the second paragraph of Article 46 of the Official Compilation of the Province of Imperia, which is the main target of Frassoldati's criticism (“*La tutela giuridica delle novità vegetali*,” *Rivista di diritto agrario*, 1956, II, p. 5). Frassoldati points out the following:

“The problem is a different one in my view, in that the practice referred to in Article 46 is such that it cannot be regarded as a *consuetudo praeter legem*, but rather as a practice imposed on the law.

“In truth, if the protection of new plant varieties is already covered by the laws in force and if future provisions would have an interpretative rather than an innovative effect, Article 46 does indeed constitute a departure from the law in general, even if its scope is territorially confined. In fact, the law applies to the Province of Imperia as to any other, so that even in that region new plant varieties are legally protected ‘only after the obtainment of a patent,’ which means that, both as to substance and to form, the required conditions must be met and the necessary formalities completed. This different means of achieving the same effect in the realization and economic utilization of a new invention (see Article 2584 of the Civil Code) is definitely contrary to the law, according to which protection may be granted only in the matter prescribed therein. In fact, if the argument of the Court's decision were to be followed, a proliferation of patent forms that may be valid locally but which differ from those provided by the law in general, which aims to standardize regulations for obvious and very pertinent reasons of an internal and international order, might result.”

Greco and Vercellone (*Le invenzione e i modelli industriali*, Utet, 1968, p. 111, Note No. 40) say that:

“The curious reasoning of the San Remo judges is particularly remarkable in that it confirms the existence of an exclusive right based on a practice established in the Province of Imperia, but overlooks the fact that no practice can replace the fundamental principle of *numerus clausus* of absolute rights, *erga omnes*, one of which is precisely that of exclusivity.”

The above authoritative critics aim at repudiating practices, such as they are recorded in the second part of Article 46 of the Official Compilation of the Province of Imperia with effect *erga omnes*. It should be observed that these critics fail to take into account the obvious interpolation made in the second paragraph of Article 46. This paragraph must be regarded as a later addition inserted in an inopportune manner because, in 1949, when Article 46 was drafted, there was as yet no talk of a patent grant. Thus, the allusion to patentability in the Official Compilation may, in view of its later insertion, only be regarded as a simple item of information on a practice about to become established, and not as the record of an already ascertained fact.

Compilations of usage and practice document the past; they do not program the future.

What Greco and Vercellone say about the barrier which encircles the *numerus clausus* of absolute rights, namely exclusivity *erga omnes*, cannot be applied to the set of principles derived from the various usages and practices. If the elaborately stated decision of the Court of Florence is borne in mind, once the reference to patent acquisition and to absolute rights which can be laid down only by the law is isolated, the other principles survive in their entirety; they are lawful and valid and may be included in the contractual practices freely followed in the distribution of plant varieties, even if such varieties are not patentable. It should also be noted that in matters involving contracts (“*Cassazione civile*,” April 8, 1972, No. 1079, in *Massimario di Giurisprudenza*, 1972, p. 404), normative usages and practices are regarded as distinct from the aforesaid practice. The former results from the general and uniform repetition of a well-defined pattern of behavior followed under the belief (*opinio juris ac necessitatis*) that a legal obligation is being obeyed. The aforesaid practice involves neither the characteristic of generality nor the condition of *opinio juris*; it is in force only within a circle of contracting parties, and it corresponds not to legal requirements but rather to reasons of expediency and convenience. Thus, since the aforesaid practice does not have a general character, it cannot have a compulsory effect on everybody; at the same time, it regulates the contract to the extent to which the parties thereto explicitly or implicitly refer.

From the arguments set out above, it is clear that official compilations of usage and practice help to clarify certain legal relationships consistently entered into in some floricultural regions. For the time being, even if unfavorable comments were to gain ground, it cannot be denied that usage and practice have helped to develop growing concession contracts, to which new clauses, which will presently be examined, have recently been added.

In this connection, it should not be forgotten that a distinction should always be drawn between the protection of the rights of breeders of new varieties and the protection of a new variety as such.

According to recent communal directives, new plant varieties are protected and their varietal purity and physiological structure must be preserved with a view to increasing their agricultural value.

The breeder's right amounts to an exclusive right, effective *erga omnes*, if conferred on the basis of a valid patent. In the absence of such a patent, this right is nevertheless effective insofar as it has been recognized by parties to a contract containing special clauses based on established usage and practices relating thereto.

### 5. Growing Concession Contracts

This type of contract, which has its origins in the "carnation renting contract," became solidly established in Italy as a result of Decision No. 224 of the Supreme Court of Appeal (*Suprema Corte di Cassazione*) in 1961, the principle of which is stated above. This decision authoritatively confirms the valid and effective protection of new plant varieties on the basis of a legal agreement of a compulsory nature which, in practice, is far more effective than an industrial patent license.

As already indicated, the contractual obligations mentioned above are valid even in the absence of a valid patent. Indeed, prior to Law No. 722 of July 16, 1974,<sup>1</sup> this type of contract was — as it no doubt will continue to be — the most practical and effective means of controlling the distribution of vegetatively propagated new varieties, especially in the floricultural sector. In fact, such contractual obligations would never be threatened, as is the case with patent licenses, by the possibility of the certificate of monopoly being declared null and void.

Vannicelli, in a comment on the above-mentioned decision published in *Giurisprudenza Agraria Italiana*, 1961, p. 507, stresses the great importance of an investigation into the common objectives of both parties which takes precedence over the written agreement and the usages in force in a given place. Vannicelli, confining himself to the greater or lesser importance of the role played by the local Chambers of Commerce with regard to the possible interpretations of the stipulations, indicates that, in certain regions, cases might exist which are somewhere in between a lease and a deed of sale. He states that "in that event, the law as such, with its antiquated, preconceived schemes impossible to apply to the lives of individuals, would prove to be behind the times." He goes on to say that, "concrete cases form the subject of special, case by case examinations, and the

solutions which must be resorted to may even be conflicting. The problem would then concern political organization, the aim of which should be to adapt legal organization to dynamic reality and, by this approach, the limits of a court decision (*nota a sentenza*) would be surpassed."

With further reference to the case examined by the Supreme Court, Vannicelli says that, "A flower is the product of the plant that is rented, and appropriation of that product is within the rights normally granted to a lessee." (Article 1630 of the Civil Code)

On the question of the growing concession, he says that:

"Cases are proliferating and it is becoming obvious that it is impossible to deal with them on the basis of a precise rule.

"Is the issue one of small plants growing on land belonging to the grantor and which, in view of their delicate nature, cannot be transplanted? Is it one of cuttings, bulbs or seeds which could easily be planted anywhere in the hope that they will constantly flower, provided that certain gardening techniques are observed? Is it a matter of plants in pots which are 'surrendered' and which pass to a grantee together with the soil contained in the pot? Or is it instead one of plants or cuttings which the grantor plants on land belonging to the grantee?"

"Each case is different and calls for different solutions according to different concepts. For example, since the 'product' could be the seed or even the original cutting which was the object of the grant, leasing would obviously damage the interests of the grantor, who would certainly create competitors in so doing."

Again, the remarks and examples of Vannicelli emphasize the need to go deeper into the nature of the various relationships which derive from the many cases he refers to:

"On the other hand, if the issue involves flowering plants which die after flowering only once but nevertheless have a relatively long life span, such plants must inevitably be 'rented' by the owner of the land on which they grow (unless the plants can be cultivated in pots). In that case there would be no question of a transfer of property, but the plants would remain rooted to the ground on the grantor's property."

In conclusion, Vannicelli says that "the courts are faced with many difficulties in replying to all the questions that are raised whenever a growing concession contract is at issue."

According to a comment by M. C. del Re (*Foro Italiano*, 1961, I, 1360), also dealing with the Supreme Court's decision, this type of contract is used mainly by firms (e.g. laboratories) which breed new varieties, and this, in legal terms, constitutes the leas-

<sup>1</sup> See "Industrial Property," June 1976

ing of intangible property. It has been pointed out (and the Court's decision endorses this view) that this kind of leasing is characterized by the fact that the *res locata* is destroyed instead of being returned after use. According to del Re's comment, such an interpretation is unsatisfactory because it is not the plants *delendae* that constitute the object of the leased *res* but rather the concept behind them. This latter is restored to the exclusive control of the owner by the elimination of the means whereby it joins with the incorporated substance to produce the individual elements.

"This mistaken view," del Re says, "stems from the distinction drawn by some between what constitutes 'intangible property' and one of the forms thereof, and the belief that the principles applying to one such form can be extended to any intangible property, something that is not always possible in practice. In fact, an organism disappears with the disappearance of its components, and its attributes disappear when the *res* is eliminated, but this is not the case with the concept, which exists *ante rem*."

However, the Supreme Court concluded that:

"Most points of the decisions under consideration repeatedly stress the view, shared entirely by this Supreme Bench, that there is no question of a sale in the strict sense of the word because the grantor, by leasing plants, is not transferring property but only the enjoyment of the plants, with the right to exploit only the flowers cut from them."

This type of contract has become very popular and is now also being referred to as a "cut flower contract" (*contratto per fiore recise*). It has even been adopted by breeders who are also patentees. In view of the doubts raised in Italy by the now famous Court of Naples decision of 1965, breeders refer in contracts to a general "protection." Mention is therefore made of "protected varieties," which overlooks the fact that reference to a conceivably worthless patent may be prejudicial to the solidity of the protection of exclusivity. To this point another remark should be added. It is commonly believed that "protection" (or so-called "indirect" protection) may be obtained, not just for ornamental plants but for agricultural species as well, by registering the denomination as a product mark.

It should be pointed out in this connection that, as a result of Decisions Nos. 4296 and 4297 of 1974, of the Supreme Court (*Giurisprudenza Agraria Italiana*, 1975, II, p. 23), a mark may confer "indirect protection" on a variety only if it includes the indication of origin, which is required by the *Corte di Cassazione* in order to prevent the mark from being declared null and void by virtue of its generic character, pursuant to Article 18 of the Trade Mark Law.

Many Italian breeders and foreign breeders operating in Italy maintained — and still maintain — that variety protection can be obtained to a considerable extent by a patent of invention granted under Royal Decree No. 1127 of 1939.

Under these circumstances and considering the state of confusion of the jurisprudence, patents should be examined, one by one, to check their validity and to separate those which are valid from those which are not. In conclusion, growing concession contracts have an autonomous function which includes the protection of rights, *inter partes*, such as the protection of new varieties, of their denominations and of their existence.

Ratification of the Paris Convention for the Protection of New Varieties of Plants (UPOV Convention) will probably call for some changes in the structure of those contracts which have so far governed the distribution of new plant varieties.

Growing concession contracts for cut flowers might even be reduced to standard sublicense contracts. It was originally proposed, among other objectives, to implant in growers the conviction that new varieties remain the exclusive property of the breeder; this aim was precisely attained by the legislative provision which, concerning ornamental plants, stipulates that the exclusive right deriving from a patent extends to the cut flower, which is regarded as reproductive material.

Thus, any grower of patented new varieties of, for example, roses or carnations, would be allowed to offer cut flowers for sale as a consumer good, but in no case as reproductive material.

Growing concession contracts will nevertheless continue to be necessary, not for the purpose of preventing unauthorized propagation of a protected variety but to control its distribution.

Distribution will continue along the lines of those contracts based on usage and practices and which bear no relation to the exclusive right conferred by a patent but which are the result of a firmly established practice. It will also be controlled by pre-established identification methods (compulsory labelling) and contractual obligations of various kinds amounting to a trusteeship form of association for the rational exploitation of the new variety. Any mutations would remain the property of the breeder and additional clauses might be inserted to prevent competition in the framework of international relationships.

With regard to sexually reproduced new varieties of agricultural crops, relations between the breeder and seed distributors are very clearly defined by Law No. 1096 of 1971, which provides for compulsory licensing (Article 11) to identify the basic product, i. e. that produced under the direct supervision of the breeder, to distinguish it from other categories for which labels are likewise compulsory. Severe pen-

alties are imposed in the case of infringement of these provisions.

In addition, the Law stipulates that the varietal purity of seeds must be preserved.

#### **6. Growing Concession Contracts — Typical Functions and Obligations**

The functions of growing concession contracts, pending the entry into force of Law No. 722/74 and Decree No. 974/75,<sup>2</sup> seem to mainly involve controlling the distribution of a variety. Towards this aim, new forms of association, besides the special relationship outlined by the Supreme Court in 1961, have developed between persons interested in the breeding and distribution of new varieties. Such associations are characterized by reciprocal undertakings to protect not only the breeder's rights but those of the varieties as well.

Since all growers would like to grow a new variety, those breeders who limit distribution are severely criticized. However, it must be taken into account that new varieties need to be especially protected against people who are not professionally qualified to handle distribution, which should never be carried out indiscriminately.

This caveat does not apply merely to specific local situations in Italy; it represents a principle embodied in the laws of all the countries which have ratified the UPOV Convention.

Models of various growing concession contracts which have become popular in the horticultural sector, especially since the introduction of foreign varieties into Italy, have been collected.

Some of these models which, in their preambles, evoke the UPOV Convention of 1961 and the Paris Convention for the Protection of Industrial Property of 1883, stress the fact that the variety which is the subject of the contract has been patented as an industrial invention and that its denomination has been registered as a product mark.

This type of contract may therefore be regarded as the equivalent of a patent license. Indeed, many of its clauses might conveniently be incorporated in simple patent license contracts. It should be noted, however, that contracts of this type were introduced at a time when doubts prevailed on the validity of patents; on the one hand, therefore, clauses referring to patent rights are, if not altogether superfluous, of a purely informative nature and, on the other, special clauses peculiar to these contracts (which, as pointed out earlier, include the main points of other agreements wholly unconnected with patents) emphasize the need for an efficient and stimulating protection of the variety both as intangible property and as a living substance.

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<sup>2</sup> See "Industrial Property," June 1976

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PUBLICATIONS OF THE OFFICE OF THE UNION

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Test Guidelines

Guidelines for the Conduct of Tests for Distinctness, Homogeneity and Stability (Test Guidelines) have been published by the Office of the Union in a trilingual--English, French and German--edition for Alstroemeria (document TG/29/3), Streptocarpus (document TG/47/2) and Red and White Currants (document TG/52/2). They are available from the Office of the Union at the price of 2 Swiss francs per copy, including surface mailing costs.

A corrigendum (document TG/15/1 Corr.) to the Test Guidelines for Pear (document TG/15/1) has also been issued. That corrigendum is available free of charge.

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CALENDAR

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1. UPOV Meetings

1977

September 6 to 8 Aarslev (Denmark)	Technical Working Party for Vegetables
September 20 to 23 Geneva	Committee of Experts on the Interpretation and Revision of the Convention
September 22 Geneva	Working Group on Variety Denominations
November 16 Geneva	Committee of Experts on International Cooperation in Examination
November 15 to 17 Geneva	Technical Steering Committee
December 5 and 9 Geneva	Consultative Committee
December 6 to 9 Geneva	Council

1978

May 23 to 25 Zürich-Reckenholz	Technical Working Party for Agricultural Crops
June 6 to 8 Rethmar, Hanover (Federal Republic of Germany)	Technical Working Party for Vegetables
June 20 to 22 Paris (France)	Technical Working Party for Ornamental Plants
September 5 to 7 Florence (Italy)	Technical Working Party for Fruit Crops
September 19 to 21 Melle (Belgium)	Technical Working Party for Forest Trees

2. Meetings of Non-Governmental Organizations 1977

October 10 Copenhagen	International Association of Horticultural Producers (AIPH), Meeting of Committee for Novelty Protection
November 15 Paris	Bureau of ASSINSEL, Meeting

1978

May 30 and 31 Hamburg	International Association of Plant Breeders for the Protection of Plant Varieties (ASSINSEL), General Assembly
May 29 to 31 Hamburg	International Federation of the Seed Trade (FIS), Congress