



Enforcement tool-kit for seed potatoes

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Summary:

This document has been drawn up by the ESA Secretariat based on reports and experiences from its members with the aim of providing an overview of possible tools and strategies companies can make use of in order to better overcome situations where they face infringement of their IP rights or illegal activities in the market.

This tool-kit document consists of two clearly separate parts. Part I focusses on enforcement of plant variety protection titles; and Part II deals with so-called regulatory offences, which are, in essence, activities that are not in line with the rules of public law, such as variety registration and seed certification. Whereas in practice, in some cases, regulatory offences and infringement of plant breeders' rights may be interlinked, it is very important to clearly separate these two issues from the enforcement perspective since the approach they require and the tools that can be relied on for one and for the other, may differ significantly.

Some more basic questions on plant variety protection and regulatory provisions have been addressed in a Questions and Answers document which is available on the ESA website.

This tool-kit is focussing on possibilities existing in the context of European legislation and practice. Therefore, the practical applicability of one or the other element presented in this tool-kit may vary from country to country depending on the national implementation of the given pieces of EU law.

This tool-kit has been prepared with the intention to serve as a reference document for companies where they can find suggestions for improving their enforcement strategies and possibilities. It is therefore a mere list of ideas and does not constitute or replace any legal advice.

Background:

In practice, in potatoes many different types of IP infringements and/or fraud activities occur. Each type of offence needs its own approach. This document aims to give an overview of the possible tools one can make use of to efficiently act against the most common types of infringements and/or illegalities which might occur in potatoes.

The most common IP infringements and illegalities that potato companies are facing, in random order, are as follows:

-  Propagation of seed potatoes protected by plant breeder's rights without the consent of the variety owner.
-  Marketing of propagating material of protected varieties () without the consent of the right holder. This often takes the form of marketing under- or oversized seed potatoes which is also a breach of the European seed marketing rules, or it may take the form of marketing part of the yield of the

protected variety which also amounts to breach of the standard contractual “return all yield delivery obligation”.

- ✿ Marketing ware potatoes as seed potatoes (without certificates or with falsified certificates).
- ✿ Marketing seed potatoes with falsified certificates;
- ✿ Marketing ware- or seed potatoes with unknown origin using the variety name of another (IP protected) variety. This often happens together with the misuse of trademarks and logos.
- ✿ Exporting seed potatoes protected by plant breeder’s rights outside EU, also to non UPOV member states, without the consent of the right holder;
- ✿ Abuse of the Farm Saved Seed exception:
 - a. Selling FSS of protected varieties (instead of propagating on the own farm holding);
 - b. Falsely claiming that one falls under the exemption for small farmers with < 185 ton).
 - c. Failing to fulfil payment obligations:
 - i. No declaration of (part of) the FSS acreage sown with protected varieties;
 - ii. Overdue payment of the equitable remuneration on FSS use;
 - iii. Refusing to pay (part of) the equitable remuneration on FSS use.

PART I: Tips on how to enforce your PVP title

1. Protection:

First and foremost apply for protection at national and/or European level and obtain plant breeder’s right (PBR) on your variety!

2. Building bases for action

This section describes tools one can make use of to reinforce its position if it comes to practical enforcement.

A. Contractual terms / sales conditions

Contracts with customers

For the purpose of this document the terms “customers” here refers to every potential purchaser, including farmers, dealers, packers, industrial players, licensees etc. It is advisable to insert the same contractual clauses into IP license contracts.

i. Passing on contractual terms and conditions

As a general preliminary remark it is important to underline that obliging the customer to pass on these contractual terms in case the goods bought are sold on to a third party is crucial. For this the following contractual stipulation can be used:

“If the goods delivered are sold on to a third party, the buyer must impose these conditions on penalty of damages to that third party.”

ii. Use of plant material

In contracts signed with the customers it is always worthwhile to include terms which remind the customer of what he is authorized to do with the material bought and what not and the contract may also provide sanctions for the case of non-compliance with such obligations (potentially by setting out a penalty clause and mentioning that this is without prejudice to the right of the licensor to claim full compensation from the licensee for the actually incurred damages). It is however important to note that such a contractual stipulation does not replace PBR in any way. It is just an additional tool on top of PBR protection (it constitutes a contractual basis to constitute an eventual court action on).¹ These contractual terms may read as follows:

“The buyer is not allowed to use the goods delivered for further production and/or reproduction of propagating material. Further use of the material for propagating purposes is only allowed for farmers on their own holdings and against an equitable remuneration, in compliance with the applicable legal provisions.”

OR

¹ Please see also point 3.III.

“The buyer undertakes to use the seeds only for one production of plants on the number of square meters and in the growing period as included in the annexes.”

OR

“The buyer is not allowed to provide the seeds or any other propagating material of a variety in whatever form to third parties.”

iii. Access to premises

It is also advisable to stipulate in the contract that the customer is obliged to allow the seller (right holder) access to its business premises so that the right holder can carry out inspections in case of an alleged infringement. Such a term may read as follows:

“The buyer is under the obligation to allow the seller, or anyone who controls on behalf of the seller, direct access to its business in order that the seller can carry out inspections. “Business” in this article shall also mean any business activities that are carried out by a third party on behalf of the buyer. The buyer shall upon request also allow direct access to its administration with regard to the relevant propagating material.”

iv. Other IP rights

Furthermore it is also common to lay down in the form of a contractual clause that the customer is not allowed to use the signs, trademarks, logos etc. affixed on the products bought (unless otherwise stipulated). Such a clause may read:

“The buyer may not use, nor register, trademarks, logos and other signs used by the seller to distinguish its goods from those of other enterprises, and it may not use trademarks, logos or other signs resembling them.”

B. FSS royalty collection systems

Given the fact that the use of FSS does not require an authorization from the right holder but on the other hand is subject to the payment of royalties, in order for a right holder to be able to enforce the right, information on the use of FSS is a prerequisite. Since this can be a rather time and resource consuming task, collective FSS royalty collection systems have been set up in many countries in Europe.

These systems are normally set up on the basis of national plant breeder's rights legislation and therefore can be very different from one country to another. Also, not in every country such a royalty collection system has been set up, and the ones that are in place also function with different levels of efficiency. ESA has prepared an overview of the currently existing FSS royalty collection systems in the EU, which is available on request from the ESA Secretariat.

Since these royalty collection systems are often set up with the close involvement of national breeders' associations, for specific questions or problems, it is advisable to get in contact with the national association in the given country.

C. Communication

Communication about the importance of IP and IP protection is very important both internally and externally.

Internal communication (educating staff):

Within the companies themselves it is important to educate and continuously train staff regarding IP matters, policy and enforcement and, in particular, in respect of steps to be taken when something suspicious is experienced. Initiatives both in ESA and Breeders Trust have been taken to try to facilitate the organisation of such trainings. Further to education of staff, putting in place an internal system to alert management and to report cases on a regular basis should be part of every company's enforcement policy.

External communication:

a) Raising awareness of customers:

In meeting with customers and especially when establishing new business contacts, it is important to always spend sufficient time on explaining the IP policy of the company and stress the importance of IP protection and respect of IP rights. This can be even more important when the material is sold in a country where the IP culture is not so well developed or there is a general problem regarding respect of IP rights.

b) Building good contacts with customs authorities / police – raise awareness

The experience so far in many countries is that PBR infringement does not achieve the "critical limit" enforcement authorities (especially police) consider to be of concern and therefore worthwhile to give priority to. In order to convince enforcement authorities of the importance of PBR infringements some efforts

have to be made. It is important that the right holders (or their representatives) build up and keep good contacts with enforcement authorities and explain them about PBR, the type of goods involved and type of infringements that may occur. For this purpose, ESA as well as Breeders Trust could also provide assistance. A good example of such contact building is the so-called Tripartite Agreement concluded between ICQRF; CRA-SCS and AIB/Breeders' Trust in Italy with the view of giving a framework to following up infringements.

Also, given that in the case of plant varieties it is not so easy to recognize potentially infringing goods it is important that the right holders (or their representatives) take the necessary time and efforts and educate and help enforcement authorities as much as possible.

c) *Informing buyers*

As mentioned above, it is important to draw the attention of third parties to the fact that IP rights are involved. Bag tags or marking can be ways of easily informing about the existence of IP rights.

Bag tags

It is an option to use bag tags containing a reminder for the buyers that certain acts with the material are not allowed and constitute infringement of the IP right of the right holder. It has to be noted however that using bag tags is in no way a prerequisite of enforcement of IP rights.

To give an example, in the area of agricultural crops the ESA WG FSS has developed the following text for a bag tag:

“This variety is protected by Plant Breeders’ Rights. The use of this variety as Farm Saved Seed is subject to certain conditions including the obligation to declare and pay a royalty to the plant breeder. The procedures for declaration and payment differ from country to country. For further information contact Company “Y” or the National Seed Association in the country of use. Payments on Farm Saved Seed support continued investment and innovation in plant breeding.”

Marking

For the time being there is no policy neither in the EU nor elsewhere to use some kind of a common marking system in order to facilitate recognizing the IP status of varieties. Such common signs exist for trademarks (™ or ®) or copyright (©) but no commonly agreed or known sign exists for PBR's. Nor is there a coherent policy from the seed companies regarding the display of the IP status of their products. Some companies mention on their packaging that “This variety is protected by PBR.” while others don't. It is clear that using marking is in no way a prerequisite for enforcement of IP rights but it may however have some deterring effect.

D. Monitoring of customers

It is advisable to have an internal system within the individual companies which allows continuous following and monitoring of customers.

3. If it really comes to infringement

Once a company has a good suspicion that its rights are being infringed it has to figure out how to act about the actual infringement. There are several possible routes and tools.

I. Some practical first steps

In case a company has the suspicion that its protected variety might be reproduced without authorization or otherwise infringed, the first step should be to try to immediately gather evidence of this infringing act. The most straightforward ways of getting evidence can be either buying the infringing material on the market or collecting evidence in the premises of the infringer (if such access is allowed under the national law). It is important to legally (i.e. against an invoice) collect the necessary evidence as soon as possible and test it. However it has to be noted that in some cases evidence collected by companies involved in a case may have no value in court proceedings. Therefore, it is advisable to check in the applicable national legislation how evidence has to be presented in official proceedings so that it is accepted by the courts. ESA has developed a small database of national IP enforcement provisions, which can be consulted to learn more about the specific requirements in the different countries. Further on, both ESA and Breeders Trust can be contacted any time with basic questions or requests for practical advice.

II. Non-judicial route

Settle with infringers if possible

Besides the fact that it can save a lot of money, which would otherwise be spent on legal proceedings, an amicable settlement can also provide a possibility to explain the situation to the infringer and prevent that such an act occurs again in the future. Therefore, when an infringement occurs it can be worthwhile considering to try to get in direct contact (e.g.: by way of a letter) with the alleged infringer. However, there are certainly limits to an amicable settlement as there are situations where it is not a real option to settle the case in such a way. It is clear that in situations where the infringer is obviously a “notorious infringer” and has committed its illegal acts intentionally or where the economic damages caused by an infringement are significant an amicable settlement seems not appropriate. Furthermore, it is also important to take into account the market circumstances and to avoid deals that might disturb the market. Therefore before trying to settle the case in an amicable way find out as much as possible about the alleged infringer. For this you are welcome to request the assistance of Breeders Trust.

NB: Authorities such as police and customs do not appreciate very much if amicable settlements are made following the launch of official proceedings. Therefore, before deciding to go for a settlement with the infringer, consider well your strategy and approach.

III. Judicial route

1. Based on a plant variety protection title

There are a few pieces of EU law that lay down measures related to IP enforcement. Some of these measures are contained in Part Six of the CPVR Regulation (Regulation (EC) no. 2100/94) which mainly concern matters of jurisdiction and damages. Further important rules are laid down in the EU IP enforcement Directive and in the EU customs regulation (this latter might be of less importance from the potato perspective).

As to the EU IP enforcement Directive, **(2004/48/EC)**, it lays down provisions aimed at facilitating the production of evidence in IP infringement cases (see Articles 6 and 7); at the right to get information on the origin and distribution channels of the infringed goods (see Article 8); and at a harmonized set of provisional measures such as an interlocutory injunction against the alleged infringer or against an intermediary or a seizure and delivery of the allegedly infringing goods (see Article 9).

It has to be noted that in some countries IP infringement or certain types of IP infringements are also considered as criminal acts and can be thus pursued under criminal law. The ESA collection of national IP enforcement rules can give some indication as to which country considers PVP infringement as a criminal act.

2. Based on contractual terms and conditions

In case a contractual clause has been inserted into the contract regarding the acts that are allowed and that are not allowed with the protected material which is the object of the contract it gives a legal base to act on, in case such clause is not respected by the buyer. In case the existence of an infringement cannot be determined or there is not enough evidence to support infringement, breach of contract might provide an alternative way to claim damages. It is however important to note that such contractual clauses do not replace PBR in any way. They only provide an additional tool on top of plant variety protection.

3. Based on patent protection

In case there is patent protection on a trait included in a variety which is being copied, the patent protection may also offer a legal base to act on. However, because infringement cases more often also contain discussions about the validity of a patent, patent enforcement is even much more complicated and risky than PBR enforcement.

4. Based on unfair competition

It is very common in IP cases that the plaintiff argues that in case the court finds that the acts committed by the defendant do not amount to IP infringement the courts should consider whether the acts are illegal at least under the provisions on unfair competition. For instance, an act whereby the infringer is selling the illegal material for €4 whereas the original material is sold at a price of €10 constitutes unfair competition. Similarly, an act of dishonest competition such as imitating some particular characteristics of the goods which are normally used by the seller also falls under unfair competition. *(For instance, one can think of a case where company Y is marketing ware potatoes and selling those against a low price while using the variety name or brand of a protected variety commercialized by company X and thereby is drawing advantage of the reputation of company X's product and also damaging company X's image.)*

Also the incorrect use of a variety denomination amounts to unfair competition, i.e. if somebody is using the variety name of a protected variety and is selling a copy variety or a variety of much lower quality under it. Checking the national variety list is therefore always a helpful exercise to carry out.

5. Based on food safety considerations

It can be considered to examine whether it is possible to act in certain cases on the basis of food safety law.

6. Based on public law

If in the case there is also an element that amounts to infringement of public law, other, further tools can be relied on for enforcement. These are detailed in Part II.

PART II: Tips on how to act in case of regulatory offences

1. What is a regulatory offence?

In the present tool-kit breach, infringement or non-compliance of variety registration and seed marketing legislation, including seed certification, are considered to constitute regulatory offences. For instance an act whereby an actor is selling seeds of a variety which is not listed on the national variety list/the EU Common Catalogues constitutes a regulatory offence since it is an obligation in the law that only seeds of varieties authorized for marketing can be put on the market. Similarly, if an actor is for instance commercializing uncertified seeds it is also a regulatory offence since seed certification is mandatory for seed potatoes sold on the EU market.

The aforementioned variety registration and seed marketing legislation is laid down on EU level in a number of EU Directives. The variety registration system is regulated by [EU Directive 2002/53](#) and the marketing provisions for seed potatoes are laid down in [EU Directive 2002/56](#). These Directives have been transposed into the national laws of all EU Member States.

The regulatory offences and the actions to counter them always take place in one or several countries and are therefore linked to the national level. In practice this means that once a regulatory offence happens, it is always the **national** seed regulations which have to be consulted before action is taken.

2. Building bases for action

A. Contractual terms / sales conditions

i. Use of material

In order to create awareness on the market with respect to applicable regulations and (the prevention of) regulatory offences, it is worthwhile to include terms in contracts with the customers which remind said customers that all acts carried out regarding the delivered material have to be in line with the applicable seed marketing rules. These contractual terms may read as follows:

“The buyer shall always act regarding the goods delivered to him in accordance with the applicable national seed marketing regulations.”

It should be noted however, that in case of sales to end users, the buyer is usually using the propagating material for growing plants and not for reselling. Therefore such a provision as above is more relevant to contracts with distributors /traders.

ii. Access to premises

It is also advisable to stipulate in the contract that the customer authorizes the seller access to its business premises so that the seller can carry out inspections in case of a breach of contract, in particular in case of alleged regulatory offences.

“The buyer is under the obligation to allow the seller, or anyone who controls on behalf of the seller, access to its business in order that the seller can carry out inspections.”

B. Protocols / codes

In order to create awareness on the market with respect to applicable regulations and (the prevention of) regulatory offences, defining protocols, best practices or codes of conduct between professionals / companies can be useful. Such documents may lay down ways to prevent regulatory offences or procedures to follow in case of a detected alleged regulatory offence. (For an example please click [here](#).)

C. Monitoring system

It is advisable to have an internal system within the individual companies which allows continuous following and monitoring of the market to detect potential regulatory offences.

D. Communication

External: Building good contacts with authorities – raise awareness

The enforcement of variety registration and/or seed marketing rules is a matter of public law and enforcement of public law is a matter for the public authorities. It is very important to build and keep good contacts with such authorities. When it comes to offences, variety registration offices, for instance, can be helpful in variety identification trials but also in launching administrative procedures against the party committing the regulatory offence. Good contacts are also important to create awareness within the authorities about regulatory offences regarding propagating material.

Internal: Educating staff

Within the companies themselves it is important to educate and continuously train staff regarding marketing rules, policy and enforcement and in particular in respect of steps to be taken when something suspicious is experienced. Assistance of national and/or regional professional seed organizations may be useful in the organisation of such trainings.

3. If it really comes to a regulatory offence

A. First steps

When a regulatory offence is detected the first and foremost action is to secure evidence. The best is to gather several samples of the suspicious material on the market in order to have enough to analyse but also to keep some of this material as evidence for possible further use in proceedings. For this latter, it is recommended to request an authority (e.g. the national certification authority) to take samples and seal it officially so that this can be used as an evidence acceptable by courts as well, if needed

Once the nature of the offence is identified the following scenarios may happen:

In case the variety at stake is protected by IP rights

It has to be seen whether the infringing activity also amounts to infringement of plant breeder's rights or other IP rights. For tips what to do in case of infringements of plant breeder's rights, please refer to Part I.

In case the variety at stake is not protected by IP rights:

If there is no infringement of IP rights or in case the variety is not protected, there is just the regulatory offence itself. In that scenario the actions as described in the subsequent paragraph B could be considered.

B. Possible actions

i. Administrative route

Enforcement of public law is a matter for public authorities. Therefore, after one has become convinced that a regulatory offence is or has been committed, an administrative procedure could be launched. In such a case, the offence must be reported to the responsible (national) authorities and the subsequent action by such authorities must be requested. For members of Breeders Trust, Breeders Trust could provide assistance in this respect. After the alleged regulatory offence has been reported, the reporting party shall often no longer have a role in the further investigation and enforcement of the regulatory offence.

As a rule, the enforcement of regulatory offences is the exclusive duty of the responsible authorities. The relevant authorities will investigate the reported issue and if it is decided that a regulatory offence is constituted, measures might be taken against the offending party. The possible measures may vary from country to country but in many countries there are for instance administrative fines which can be applied to parties infringing public regulations, i.e. not acting by the rules. The types of authorities which could be involved also vary from country to country. Here therefore only some typical cases are given:

One can contact the variety registration office / seed inspection services or other variety control body, notify the offence to it and request action. A list of national authorities can be found on the site of the OECD:

<http://www.oecd.org/tad/code/listofnationaldesignatedauthoritiesfortheoecdseedschemes.htm>

(In the future there might be a possibility to put cases of non-compliance with seed marketing legislation forward to DG SANTE in the form of complaints to be addressed by the food fraud department of DG SANTE. Note: ESA is currently discussing the creation of such a complaint system with DG SANTE, some results are expected in summer 2017.)

In many countries there are also general market surveillance authorities which are responsible for the good and fair functioning of the market and may act if illegal actions are detected.

An authority which may play an important role is the national competition authority which can be contacted by any party and can launch investigations where the regulatory offence amounts to some anti-competitive behaviour and harm for the consumer.

A list of national competition authorities of the EU member states can be found on the site of the European Commission: http://ec.europa.eu/competition/ecn/competition_authorities.html).

Depending on the nature of the regulatory offence also authorities like tax authority or food safety authority could be of help.

Further on, in case the regulatory offence also amount to a criminal act, one can consider making a denouncement/complaint at the police or the prosecution office.

ii. Civil route

Contractual clauses – breach of contract

In case the commercial relationship between the actor of the offence and the company suffering from the offence is regulated by a contract, the regulatory offence may also constitute a breach of contract. In such a case the offending party can be brought to court for breach of contract.

Unfair competition

For example, the fraudulent use of a variety denomination, the sales of a different variety under the variety denomination of a registered variety, the sales of varieties without authorization or registration etc. are all acts amounting to unfair competition. Unfair competition is very likely to cause damages to one or several other market actors which constitutes ground for suing the offender in court.

iii. Penal route

If the regulatory offence amounts to a criminal act, one can consider to launch a court case based on penal law in the country where the offence occurs.