



IP ENFORCEMENT TOOL-KIT

FOR VEGETABLE SEED COMPANIES

EUROSEEDS.EU

IP enforcement tool-kit for vegetable seed companies

Foreword (purpose and scope):

This IP enforcement tool-kit has been drawn up by the ESA SVOwic IP working group with the aim of providing an overview of possible tools and strategies vegetable seed companies can make use of in order to (better) enforce their IP rights.

The tool-kit is focussing on possibilities existing in the context of European legislation and practice in respect of enforcement of plant breeder's rights (PBR). Therefore, the practical applicability of certain elements of this "toolkit" (e.g.: enforcement provisions; contractual terms; possible claims under unfair competition) may vary from country to country depending on the national implementation of the given pieces of EU law. It is not the aim of the paper to address in detail issues related to enforcement of other IP rights (such as trademarks, patents etc.) but some of the tools mentioned in the paper can be applied also in case of infringement of such other IP rights.

Further, it is also not the aim of the paper to address offences of public law requirements. Those aspects are addressed in the [Regulatory offences toolkit](#) adopted in 2015.

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 that does not replace legal advice.

Elements of an enforcement strategy

1. Protection:

First and foremost apply for protection at national and/or European level and obtain PBR's on your variety!

Regarding questions on protection a Questions and Answers document has been developed by the same IP working group. Should you have a question regarding some aspects of protection please consult the Q&A document which is available on the ESA and AIB websites.

2. Preventive measures

I. Measures to prevent infringements

A. Contractual terms / sales conditions

a. Contracts with customers

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.”

i. 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 also the calculation of 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.”

OR

“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

¹ Please see also point 3.III.

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

ii. 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.”

iii. 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. License contracts

In the license contracts the acts the licensee is authorized to carry out will be determined.

It is advisable to insert contractual clauses similar to the ones mentioned under point A.a also into license contracts and to oblige the licensee to use those clauses in sales contracts when selling to customers.

B. Agreements / protocols / codes

Negotiating and signing specific agreements or protocols between professional associations (breeders' associations or associations such as AIB) representing the right holders on one side and the customers on the other can be helpful. It is important to lay down minimum requirements, best practices in such protocols. (An example for such best practice code is the 'Road to Quality' which has been established by breeders and plant raisers in Italy.)

Similarly, it may be useful to sign agreements between professional associations and third parties providing services (such as e.g.: coating companies) that may be used by infringers, in order to reserve possibilities to conduct inspections at the premises of the third parties and potentially get information from them. (For instance the so-called “conditioning audit scheme” concluded between AIB members and several coating companies is a good example of such initiatives.)

Internally, within the seed industry or a certain crop section or a group of companies, it can also be useful to develop codes of conduct laying down best practices to prevent infringement and / or agreeing on some suggested steps to be followed in case of suspicion of infringements. Setting up of such codes of conduct is also encouraged by the EU Enforcement Directive (Article 17).

C. Stress importance of IP and IP protection

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.

D. Monitoring of customers

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

E. Bag tags

On top of contractual terms it is also 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.”

As the below picture shows, the ‘bag tag’ is basically not more than a text which can be easily printed on the seed bag:



F. 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.

II. Measures to facilitate future enforcement

A. Application for customs action (Registration at customs)

The [EU Customs Regulation](#) (608/2013) provides for a possibility for holders of IP rights to file a written application to the customs department of one, several or all Member States for customs actions regarding goods suspected of infringing IP rights. This is called an "Application for action" or "AFA" and is regulated in Chapter II of the Regulation. The application is free of charge and is normally valid for one year (it can be extended). On the basis of this application the competent customs offices can detain goods or suspend the release of goods suspected to be infringing the IP right(s) for which the application for action was made.

The application has to specify information enabling the customs offices to recognise the goods at stake such as technical data on the authentic goods and information concerning the type or pattern of fraud. It is assumed that in practice the right holder should be in the position to give an enabling technical description of the goods as well as information regarding the alleged infringement to the customs office, and ideally also give them a notice when the infringing goods are expected to arrive, from which country and have a list of authorized sources in the given country. The application for customs actions has to be made via the appropriate forms laid down in Commission Regulation (EC) No. 1352/2013. These forms as well as further practical information on how to fill in and submit the application can be found here:

http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/right_holders/forms_en.htm

Tools facilitating action by customs

EDB

The EU Observatory on Infringements of IPRs (to which ESA is a member) has created a so-called Enforcement Database (EDB) that helps protect authentic products against counterfeiting by making a register of products available to enforcement authorities in their own language. Any IP right holder can become a user of EDB by creating an account and encoding information about rights and products which are suspected to be infringed. Police and customs officials of the 28 Member States can access

EDB to view information and product details, making it easier for them to identify counterfeits and take action. EDB automatically generates AFAs for the rights encoded in it which customs authorities can see automatically and can decide if they grant the AFA or not.

This tool seems to be very useful for right holders and facilitates both the enforcement of right holders and the work of customs authorities.

It is possible to register PBR titles in EDB in two ways: if a company has trademarks that are already recorded in EDB, it is advised to first create an account based on a trademark recorded in EDB and then add PBR titles to the rights and products portfolio. However, if a company does not have trademarks that are recorded in EDB or does not wish to create an account based on a trademark recorded in EDB, it is possible to open an account only with PBR titles but in this case the company has to contact the EDB manager directly at observatory.edb@oami.europa.eu.

More information on EDB is available here:
<https://oami.europa.eu/ohimportal/en/web/observatory/enforcement-database>

IPM

Furthermore, the World Customs Organization has created a tool, the so-called IPM (Interface Public – Members), which allows IPR holders to enter information regarding their rights into a database. In the IPM the following type of information can be provided by companies: product appearance, packaging, legitimate transport routes, listing of authorized senders (producers/exporters) and authorized receivers of the products. All entered information is on-line accessible to customs authorities worldwide and allows the right holder to be informed of any infringing goods passing borders by the competent customs offices. This tool has the advantage that it provides worldwide coverage against relatively low costs (€ 2400 per year for companies < €100 million sales, € 5500 for companies < €500 million sales).

With the IPM the right holder however does not have the possibility to carry out inspections on the seized material in order to check the identity of the goods (this is different if an official application for customs action is made – see above as well as under point 3.II.c). It only gives the opportunity to be informed by customs authorities when goods are stopped and to launch official proceedings on the basis of such information. More information on IPM is available here:
<http://ipmpromo.wcoomdpublishings.org/>

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. We could even consider it a good sign meaning that PBR infringement is really not so significant but we know that it is not the case. 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, AIB/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. It is obviously much easier to recognize a fake trademark than a copy tomato therefore good guidance has to be given to the competent authorities.

C. 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 AIB have been taken to try to facilitate the organisation of such trainings. AIB has even developed an e-learning tool entitled 'IPR in the Vegetable Seeds Sector' to facilitate such education. The tool is available in English, Italian and Spanish. Requests to watch the module and/or use it for training purposes can be made to info@aib-seeds.com. Further on, 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.

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. 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 AIB.

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.

II. EU legislation on IP enforcement

a. *Enforcement provisions in CPVR Regulation*

Part Six of the CPVR Regulation (Regulation (EC) no. 2100/94) lays down some provisions on infringements concerning jurisdiction and damages. These provisions may be helpful in identifying the judicial authorities of which EU Member State are competent to judge the case of an infringement of CPVR.

b. *Enforcement directive (2004/48/EC)*

i. **Evidence gathering**

The Directive contains some provisions which are aimed at facilitating the production of evidence in IP infringement cases:

Even before the commencement of judicial proceedings on the merits the competent judicial authority may order – on request based on reasonably available evidence and subject to adequate security lodged by the applicant party – provisional measures to preserve evidence.² This may consist in detailed description (search order) or seizure of the goods and may take place – under certain conditions – without the opponent being heard. (Article 7)³

In case the applicant presents reasonably available evidence supporting his case and specifies evidence lying in the control of the opponent the competent judicial authority may order the opponent to produce such evidence. (Article 6)⁴

In case an infringement occurs on *commercial scale*⁵ the judicial authority may order the opponent to communicate banking, financial or commercial documents under his control (Article 6).

² The interpretation of “reasonably available evidence” and in consequence the level of standard applied in the different Member States may differ.

³ The concrete measures that can be ordered by courts in the given Member State may again vary from country to country. There is no harmonization in this respect.

⁴ Here the applicant has to specify evidence lying in the control of the opponent. The obligation to “specify” as well as the term under the “control” of the opponent are interpreted differently in Member States.

⁵ There is no EU definition for “commercial scale” but in most cases it would mean “carried out for direct or indirect economic or commercial advantage”. However not all Member States limit this possibility to infringements committed on commercial scale. In France, Poland and Denmark there is no such restriction.

ii. Right to information

In the course of judicial proceedings on the merits, on justified request of the applicant the competent judicial authority may order that information is given on the origin and distribution channels of the infringed goods (such as names, addresses of producers, manufacturers, distributors, quantities produced, prices etc.) by the infringer or – in case the infringement is committed on a commercial scale⁶ – a person in the possession of the infringing goods or a person found to be providing services used in infringing activities. (Article 8)⁷

iii. Provisional measures

The Directive contains some provisions aimed at preventing that an infringement happens or preventing the continuation of infringing activities:

On request of the applicant, based on reasonably available evidence, the competent judicial authority may issue an interlocutory injunction against the alleged infringer to prevent any imminent infringement or to forbid continuation of an infringement. Such an interlocutory injunction may also be issued against an intermediary whose services are being used to infringe an IP right irrespective of and independent of the responsibility of such intermediary.

On request of the applicant, based on reasonably available evidence, the competent judicial authority may order the seizure or delivery of the alleged infringing goods in order to prevent their entry / movement in the circulation of commerce. (Article 9)

c. Customs regulation (608/2013)

In case, on the basis of an application for customs action (AFA), the competent customs offices have detained or suspended allegedly infringing goods such offices shall notify the right holder. On request from the right holder information on the consignee or holder of the goods is given. The right holder or his representative is given the possibility to inspect the goods. (The customs office may take samples of the goods.) The right holder has 3 days in case of perishable goods and 10 days otherwise – following receipt of the notification of the detention/suspension of goods - to initiate proceedings. It is important to make a proper assessment, before initiating any such proceedings. If proceedings are initiated wrongfully, the initiator might be confronted with claims of damages from parties affected by such proceedings.

For the time being, experience with actions of customs on the basis of AFAs is only limited. The effectiveness of this procedure is therefore still uncertain.

⁶ This criterion does not apply in France.

⁷ Right holders might have problems to get such a request granted since courts may refuse it on the basis of privacy and personal data. It appears that in Spain and Austria such requests are practically never granted. However according to the Court of Justice of the European Union there is no rule that privacy law should prevail on right to information or the other way around. The right balance needs to be found by the courts.

III. Contractual terms and conditions

Contractual clauses – breach of contract

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 PBR protection.

IV. Other EU legislation

If a case cannot be argued as IP infringement (because of lack of evidence or because the court does not find infringement) it may be possible to find other bases to act on.

Patent law

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.

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 of a case where company X is always using yellow coating on its tomato seeds and the infringer is using the same colour of coating for its tomato seeds which are sold in the same channels 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.

Food safety

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