GERMANY:

Analysis of court decisions
on propagating material and harvested material

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There are at least three good reasons why UPOV member states' representatives and UPOV officials should pay a short moment of their attention to the German situation regarding propagating and harvested material: First, because Germany has a strong and innovative breeding sector with many small and medium-size (and some large) companies in the fields of crops, vegetables and ornamental plants. Second, because Germany has faced quite a number of legal disputes in the last twenty years which crystallized in published court decisions. And third, because Germany is among the UPOV member states with a restrictive definition of propagating material which nevertheless did not prevent courts from developing appropriate solutions, especially for agricultural varieties. The paper gives an overview of the relevant provisions of the German Plant Variety Protection Act, the published cases and literature and will conclude with some policy considerations.

A. Relevant provisions of the German Plant Variety Protection Act

The German Plant Variety Protection Act of 1997 (“the German PVR Act”) provides a definition of “propagating material” in Section 2 N° 2 and a provision on the effect of the PVR in section 10. It does not use the term “harvested material” but refers to “other plants or parts of plants” in section 10 para. 2 N°. The relevant provisions read

I. Section 2 Definitions

   “With the meaning of the present Act,

   (...)  

   2. propagating material shall be plants and parts of plants, including seeds, which are intended for the production of plants or otherwise for growing (…).”

The provision defines the term “propagating material” by the condition that the material is “intended for” the production of plants, which indicates that the mere biological possibility to reproduce plants of the variety from the material is not sufficient. Interestingly, the intention may also be to grow plants (“for growing”). Thus, cuttings or other young plants are covered by the

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II. Section 10 Effect of plant variety protection

“(1) Subject to the provisions of sections 10a and 10b, plant variety protection shall have the effect that only the holder of the plant variety right shall be entitled

1. a) to produce, to condition for purposes of propagation, to place on the market, to import or export propagating material of the protected variety, or

2. to store propagating material of the protected variety for one of the purposes designated at (a),

2. to carry out acts in accordance with No. 1 with other plants or parts of plants, or products obtained directly therefrom, if propagating material was used in their production without the consent of the holder of the plant variety right, and the holder of the plant variety right did not have an opportunity to exercise his/her variety protection right with regard to this utilisation.”

As Article 14 of the UPOV 1991 Act, section 10 of the German Act provides a “cascade” of protection where the full exclusive right is granted only for propagating material whereas, on a second level, the protection is more limited and bound to additional conditions. However, different from Article 14 para. 2 UPOV 1991, the second level of protection in section 10 para. 1 N° 2 is not provided for “harvested material” but for “other plants or parts of plants”.

B. Case law

In Germany, four court cases on the definitions of propagating material and “other plants or parts of plants” and the respective exclusive rights of plant breeders have been published. Given the fact that even on a worldwide basis only few cases have been reported, the four decisions are described in more detail here.

I. “Achat”


Facts: The plaintiff is holder of the plant variety right of the potato variety “Achat”. The defendant is an agrarian cooperative society. In 1977, the defendant received a large number of potatoes of the variety “Achat” from a Dutch distributor. The potatoes were propagated without the plaintiff’s permission. The defendant stored the potatoes without any treatment against germination. In spring 1978, at a time when potatoes are usually sowed, the defendant sold the potatoes in sizes suitable for planting for DM 25,00 per 100 kg labelled as table potatoes to farmers. The farmers sold some of the potatoes as table potatoes and used others as planting material. The plaintiff claimed for injunctive relief, for a statement of accounts and for the ascertainment of his damage claim.

Findings: The Court held that the defendant sold “propagating material” to the farmers. Anybody distributing material suitable for propagation to farmers during planting season infringes the breeder’s right if he does not take measures to make sure the material he sells cannot be used as propagating

Practitioners in the field have reported to the author that there have been more cases but that they could not give more details because of non-disclosure-agreements.
material if there occurs a further propagation afterwards. It is irrelevant whether the potatoes are labelled as table potatoes. However, the distributor is only liable if a possible later propagation is foreseeable for the distributor at the time of sale and if the distributor accepts this possibility.

II. “Melanie”

German Federal Supreme Court, 14. 2. 2006, X ZR 93/04, GRUR 2006, 575 – Melanie,


Facts: The plaintiff is the proprietor of the German Plant Variety Rights in the variety “Melanie” and the Community Plant Variety Right “Amethyst”, both belonging to the botanical species Calluna vulgaris. He is claiming an infringement of his plant variety rights by the defendant. The defendant is the company responsible for the purchases of the garden centres of the B-group of companies. The defendant bought plants of Calluna vulgaris from intervener N° 2, a company situated in the Netherlands, who had bought plants from intervener N° 1, a company situated in France. The plaintiff considers Calluna vulgaris plants sold by the defendant to infringe his plant variety rights.

Findings: The Federal Court of Justice held that the sale of whole plants does not fall within the scope of section 10 para. 1 N° 1 German PVR Act as the provision only covers propagation material. Pursuant to section 2 N° 2 German PVR Act “propagation material” includes only plants and parts of plants, which are intended for the production of plants or for cultivation.

However, the court held that the plants were “other plants” within the meaning of section 10 para. 1 N° 2 German PVR Act in relation to which the plaintiff had not been able to exercise his plant variety rights. Regarding the production of plants in France, the plaintiff was unable to exercise his right which, as a national right, was limited to the territory of Germany. The Court also held that, regarding plants of the variety “Amethyst” whole (pot) plants could not be seen to be “harvested material” within the meaning of Art. 13 para. 3 Regulation 2100/94, as “no act of a harvest” occurred in their production. The Court considered those plants as “variety constituents” within the meaning of Art. 13 para. 2.

III. “Cilena”


Facts: The plaintiff is the holder of the German plant variety right of the potato variety “Cilena”. He instructed a test buyer to ask the defendant, a merchant dealing with potatoes, to deliver 1.000 kg of potatoes of the variety “Cilena”. The potatoes should be usable as propagating material. The defendant delivered the potatoes suitable for planting for a total price of DM 299,60 labelled as “table potatoes”. The plaintiff claimed for injunctive relief and damages of DM 155,00 for lost licence fees besides damages of DM 299,60 for the potatoes which the test buyer bought.

Findings: The Court of Appeal held that the defendant infringed the plaintiff’s plant variety right by selling “propagating material” pursuant to sections 2 Nr. 2, 10 N° 1 German PVR Act 1985. In addition to an injunctive relief, it ordered the defendant to pay damages in the amount DM 155,00 (plus interest) for lost licence fees. The court held that the plaintiff did not have further damages as the potatoes which the test buyer bought were worth the DM 299,60 it paid for them.

In its reasoning, the court referred to the “Achat”-Decision by the Federal Supreme Court. The distributor is liable if a possible later propagation is foreseeable for him at the time of sale and if he accepts this possibility by not taking adequate measures to prevent an infringement of the variety right. In case of a foreseeable later propagation, one adequate measure would be to notify the variety right holder. It is not sufficient to only use the label “table potatoes”.

IV. “Goldfinger”

Regional Court of Düsseldorf, 24.11.1998, 4 O 404/97,
Facts: The plaintiff is the holder of several German plant variety rights including the variety “Goldfinger” and of exclusive licenses of poinsettia plant species. The defendant was a propagator having concluded a licence agreement with the plaintiff, in which he was obliged to only obtain propagating material from the breeder or accordingly licensed third parties. However, the defendant received 134,000 plants covered by rights of the plaintiff from a third party who did not have such a licence anymore. The defendant later sold millions of cuttings.

Findings: The Regional Court held that the defendant infringed the plaintiff’s plant variety rights by selling “propagating material” pursuant to sections 2 Nr. 2, 10 para. 1 No. 1 German PVR Act. It elaborated that the defendant’s license was validly restricted by the aforementioned clause although the plaintiff had a monopole on poinsettia plants. The court ordered injunctive relief and granted damages to the defendant. Although the plaintiff received license fees from the defendant, damages still were justified because the right holder had a reasonable interest in securing the quality and reputation of its plant varieties. However, the suit was partially dismissed because the plaintiff failed to prove having the exclusive licenses of some of the plant variety rights.

C. Focal point of German law: “intended for the production of plants or otherwise for growing”

I. Legislative history of the “intended” criterion

The German Plant Variety and Seed Act of 1953, the first act protecting PVRs in Germany, restricted the exclusive right of the breeder to commercial propagation and distribution of “seed”, which was defined as seed or plant parts intended for the propagation or production of plants, sections 6 para. 1 and 38 para. 1. The “intended for”-criterion hence has a long tradition in German law.

The 1968 Plant Variety Protection Act, which implemented the UPOV Act of 1961, kept the restriction, although the wording was changed to “propagating material”, sections 3 and 15 para. 1. Section 15 para. 2 introduced a special provision on the exclusive right of the holder of a variety for the production of cut flowers and ornamental plants from plant material not marketed for propagation purposes. Breeders of ornamental species could thus prevent production of cut flowers and ornamental plants out of “plants or parts of plants” that were not qualified as propagating material. The provision is of interest because it recognized a special need for protection for ornamental breedings.

The 1985 Plant Variety Protection Act, which implemented the UPOV Act of 1978, upheld the restrictive scope of protection and also the special provision for cutflowers and ornamental plants. In the Federal Government's explanatory memorandum on the Act, it was emphasized that cutflowers and pot plants should not be qualified as propagating material but as “other plants or parts of plants”.

2 Gesetz über Sortenschutz und Saatgut von Kulturpflanzen, BGBl. 1953 I, 450.
3 Gesetz über den Schutz von Pflanzensorten (Sortenschutzgesetz), BGBl. 1968 I, 429.
4 Sortenschutzgesetz, BGBl. 1985 I, 2170.
5 Begründung der Bundesregierung zum Gesetzentwurf (1983), BT-Drs. 10/816, 18: “Nicht zum Vermehrungsmaterial sollen Pflanzen und Pflanzenteile zählen, die nicht zum Anbau bestimmt sind (z. B. verkaufsfertige Topfpflanzen oder Schnittblumen).”
The current provision was enacted with the 1997 Plant Variety Protection Act. The Act broadened the scope of protection from propagating material, section 10 para. 1 No. 1, to “other plants or parts of plants, or products obtained directly therefrom” but required for the protection of the latter that “propagating material was used in their production without the consent of the holder of the plant variety right, and the holder of the plant variety right did not have an opportunity to exercise his/her variety protection right with regard to this utilisation.” The special provision for cutflowers and ornamental plants was deleted. This new wording streamlined the scope of protection with the UPOV Act of 1991 but kept the older narrow concept of propagating material. In the Federal Government’s explanatory memorandum on the Act, it was again explained that the provision of section 10 para. 1 No. 2 should apply to “plants and plant parts for consumption, e.g. crop seeds, potatoes, ornamental pot plants, cutflowers and fruits”. This explanation adopted the tradition of the older German Acts. However, there was no indication that the Federal Government intended to cut back the protection for cutflowers and ornamental plants. The idea was rather to generalize the protection given for ornamental plants in the 1985 Act to all protected plants. In this regard, the drafters overlooked the differences between the old provision on ornamental plants and the new provision in section 10 para. 1 No. 2. The Federal Government’s explanatory memorandum did not discuss whether the new wording covered all cases that were covered by the old provision. One may ask the question, e.g., if the use of legally produced pot plants for the production of cutflowers, which was clearly covered by section 10 para. 2 of the 1985 Act, is also covered by section 10 para. 1 No. 2 of the 1997 Act. If pot plants were characterized as plants in terms of section 10 para. 1 No. 2 of the 1997 Act, the resulting cutflowers would not be the product of an unauthorized use of propagating material as required by new the provision. The Federal Government’s explanatory memorandum did not enter into the discussion of these differences. It is thus unclear if possible cutbacks in the protection for ornamental plants were intended or were unintended legislative incidents. If one would read the Federal Government’s explanatory memorandum as an unclear and possibly mistaken explanation by the drafters of the explanatory memorandum, such a mistake could be healed by an extensive interpretation which sets aside the explicit language on pot plants and cutflowers in the explanatory memorandum and applies section 10 para. 1 No. 1. However, such an interpretation has not been tested so far before German courts and is not discussed in the legal literature. Still, it is obvious that commentators accept crop seeds and potatoes as “chosen propagating” material if there is an intention to use those materials for propagation, as will be discussed below.

II. The “intended” criterion interpreted by courts and commentators

In the German literature on plant variety rights, commentators distinguish two types of propagating material, “born propagating material” and “chosen propagating material.” “Born propagating material” is plant material that can only be used for propagating purposes, e.g. seed for grass, seed for carrots, seed for beets etc. For those materials, the characterization is straightforward and

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8 The terminology of “born” and “chosen” propagating material is used in legal literature, e.g. Metzger/Zech-von Gierke/Traurnicht, § 37 n° 19; Metzger/Zech-Godt, § 10 n° 38; Metzger/Zech-Sabellek, Sortenschutzrecht, München, 2016, § 2 n° 32, 33; Leßmann/Würtenerberger.
simple. Yet it is obvious that only a small part of plant material covered by this category is actually used for propagation.

German literature has therefore developed the second type, the so-called “chosen propagating material” ("gekorenes Vermehrungsmaterial"). “Chosen propagating material” can be used for consumption or propagation, e.g. potatoes, grain of wheat, peas etc. For those plant parts, the characterization is difficult and depends mainly on the “intended for the production of plants”-criterion. Courts and commentators have developed a broad reading of the criterion. It is widely accepted that different actors may have the intention to produce, i.e. the producer, the person preparing the material, the seller or any other person in the distribution chain, and finally the buyer. According to the Federal Supreme Court and legal literature, each of the mentioned actors may be the relevant person with the intention to choose the material as propagating material. However, if only the buyer has the intention to use the material for propagation, it must be foreseeable for the seller, that the buyer has this intention. Otherwise, the seller cannot be held liable for an unauthorized putting on the market in the sense of section 10 para. 1 N° 1. Moreover, the seller must have accepted this possibility, as shown by the fact that he does not take measures to make sure the material he sells cannot be used as propagating material. The right holder must therefore bring evidence for the intention of the buyer and the foreseeability for the seller, or at least bring evidence for objective indicators such as the time of the sale, e.g. if the sale occurs exactly when farmers look for seed or other propagating material, the distribution channel, e.g. advertising material in media which targets producers not retailers, the specification and portioning of the material, e.g. only small and untreated potatoes. To allow the plaintiff to collect the necessary evidence, the German courts accept evidence gathered by a would-be seller or buyer. The concept of “chosen propagating material” does therefore allow courts to cover cases in which plant material is distributed which may be used as propagating material or for consumption purposes as long as there are at least sufficient objective indicators for a potential use as propagating material or additional evidence provided by test-buyers.

III. Intended “otherwise for growing”

An interesting detail of the German Act is the second alternative of the definition of propagating material in section 2 N° 2. Propagating material according to section 2 covers plants materials “intended for the production of plants or otherwise for growing”. The term propagating material is therefore not restricted to material used for a multiplication of plants but covers also material used for the growing of plants. This is of special interest for young plants intended for growing, e.g. cuttings. Cases like the above mentioned “Goldfinger” case of the Regional Court of Düsseldorf could not be solved on the basis of section 10 para. 1 N° 1 without this second alternative.

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11 Metzger/Zech-Sabellek, § 2 n° 36 et seq.
D. Loopholes in the protection of PVRs in legal practice?

I. Agricultural sector

For agricultural species, especially crops, potatoes, German court cases show that legal practice has been capable of providing sufficient protection to PVR holders, namely by developing a broad interpretation of propagating material and breeder-friendly assumptions, see the cases “Achat” by the Federal Supreme Court and “Cilena” by the Court of Appeal of Düsseldorf which are discussed above.

II. Ornamental sector

In the ornamental sector, breeders could win their cases in Germany so far, but several difficulties became visible.

In the “Goldfinger” case\textsuperscript{14}, cuttings were qualified as propagating material, which was possible because of the explicit language in the German act (“intended … otherwise for growing”). In states which follow a narrower concept of propagating material and have not explicit provision for young plants, the outcome may be different.

The “Melanie” case\textsuperscript{15} illustrates the challenges for breeders if pot plants are characterized as plants in the sense of section 10 para. 1 N° 2 and not as propagating material. Section 10 para. 1 N° 2, as Article 14 para. 2 UPOV 1991, sets conditions for the protection of the PVR holder with regard to plant material which are not only strict but also unclear. Both provisions require that the breeder did not have a (reasonable) “opportunity to exercise his right” before. The Federal Supreme Court rightly emphasized that the breeder has this “opportunity” once the material enters the German market but not before. Under such an approach, enforcement under a foreign PVR right does not provide an “opportunity”. Given the fact, that the provision of the German PVR Act is about the scope of protection in Germany, the approach taken by the Court is convincing. Interestingly though, in its further reasoning, the Court disregarded the second requirement of Section 10 para. 1 N° 2, the “production without consent”. However, it is clear from the facts of the case that production occurred in a UPOV state (France) and that the defendant did not ask for authorization for such production. The defendant argued in this case that his plants were different from the protected variety, an argument that was rejected by the court. Thus, the question of an “authorization” was not discussed because it was clear that the defendant did not ask the breeder. A question that was also not discussed by the Court is whether pot plants can be qualified as “harvested material” in the sense of Article 14 para. 2. Different from other UPOV member states, Germany has not implemented the words “harvested materials” since section 10 para. 1 N° 2 speaks about “other plants or parts of plants”. Therefore pot plants may easily be allocated to the second level of the “cascade”. Yet in other UPOV member states, this may be impossible since pot plants are not a product of harvest in the literal sense.

There are other problematic cases in the ornamental sector that go beyond the German court

\textsuperscript{14} Regional Court of Düsseldorf, 24.11.1998, 4 O 404/97 – Goldfinger, German full text available at \texttt{https://cpvoextranet.cpvo.europa.eu/PVRCaselaw}.

\textsuperscript{15} German Federal Supreme Court, 14. 2. 2006, X ZR 93/04, GRUR 2006, 575 – Melanie.
practice.

One serious concern for breeders is the unauthorized importation of ornamental plants. If cutflowers or pot plants have been produced in a UPOV state, e.g. Ecuador, where the variety is protected by a PVR and where the production was authorized by the right holder, the right holder cannot prevent any import to Germany as long as the flowers or plants are characterized as “other plants or parts of plants” in the sense of section 10 para. 1 N° 2 of the German Act or as “harvested material” in the sense of Article 14 para. 2 UPOV 1991. The breeder may certainly prohibit such export by contract. But he may not use the additional legal protection given by the PVR system. The results of such an approach are comparable to a system of international exhaustion where legally produced and marketed goods can be sold by resellers on worldwide basis. As a consequence, the breeder may not achieve an adequate reward for his breeding efforts in countries with a higher price level since the world market price will be lower than the price level that could be reached on a national or regional market.

At first glance, the situation seems to be even worse for the ornamental breeder if material is imported from non-UPOV states, e.g. Ethiopia. In such a case, one could argue that the “without consent” or “unauthorized use” requirement of section 10 para. 1 N° 2 of the German PVR Act and of Article 14 para. 2 UPOV 1991 could never be fulfilled since production in Ethiopia does not require authorization by the breeder. Such an interpretation would result in an “export” of the policy choices of non-UPVO states which could legalize plant products for the distribution in UPOV states. But since section 10 para. 1 N° 2 of the German PVR Act and of Article 14 para. 2 UPOV 1991 are about activities in UPOV states, it must be allowed to interpret the provisions differently and to ask for the consent of the right holder in the production irrespective where such production takes place. Accordingly, it should not be required for the application of Article 14 para. 2 UPOV 1991 that the export of propagating material to the non-UPOV state took place without consent, as suggested by the examples 1a, 1b, 2a and 2b of the UPOV Draft “Explanatory Notes on Harvested Goods”. Rather, it must suffice that the breeder did not give his (natural) consent to the production in the non-UPOV state. Such an interpretation does not result in an extraterritorial effect of the law of UPOV states. Only import to those states is restricted.

E. European and comparative perspective

I. Interpretation of Article 13 Regulation 2100/94 in Germany

This paper has its main focus on the German situation not on the European Union or other jurisdictions. Still it should be of interest how German courts and literature interpret Article 13 of the Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights. For today’s legal practice the Regulation is of much more importance than the national German PVR Act, since the number of applications for national PVRs is decreasing from year to year whereas the numbers of application for European PVRs is constantly increasing.  

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18 See the Annual Reports of the CPVO, http://www.cpvo.europa.eu/main/de/home/documents-and-
The Federal Supreme Court, so far, had only one occasion to decide a case concerning the scope of the exclusive right of the holder of a PVR according to Article 13 of the Regulation. Article 13 does not refer to “propagating material” for the full exclusive right of the PVR holder but uses the term “variety constituents” defined in Article 5 N°3 as a “entire plants or parts of plants as far as such parts are capable of producing entire plants”. In the case “Melanie”, the Federal Supreme Court applied this definition literally, accepted pot plants as variety constituents and granted the full exclusive right to the PVR holder. The Court thus applied different approaches to the European and to the national level. In the legal literature, by contrast, commentators favour a consistent interpretation of the national PVR Act and the Regulation in the sense that also for European PVRs only “propagating material”, which is technically suitable and intended for the production of plants, shall be regarded as “variety constituents”.

II. Other jurisdictions

In 2011, UPOV has published a report on the statutory definitions of propagating material used in the national legislation of UPOV member states. The report indicates that a number of UPOV member states, e.g. Argentina, Germany, the Netherlands, Poland or Switzerland, apply an “intended for”-test in the definition of propagating material or seed, whereas other states use broader concepts that refer to the mere possibility to use the material for propagation or to the factual use of the material for such purpose, e.g. Australia, Brazil, Romania or Russia. The report does not enter into an analysis of the legal practice in the listed states but only refers to the black letter law. It would be of great interest to learn more about the application of those provisions by national courts.

F. Policy considerations

I. Difficulties in the enforcement?

Does the current wording and interpretation of the German provisions on „propagating material“ and „other plants or parts of plants“ in section 10 para. 1 German PVR Act cause serious difficulties in the enforcement of PVRs in legal practice that would justify a revision of the whole approach? For agricultural varieties, the answer seems to be negative. The solutions developed by the Federal Supreme Court in the “Achat” case provide a level of protection that is perceived as sufficient by breeders. For ornamental varieties, the situation seems to be different since unauthorized importation of flowers and pot plants is seen as an obstacle for price discrimination. Also, unauthorized production of cutflowers from legally produced pot plants is hard to capture, at least

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21 The database of the CPVO, which is the most comprehensive collection of PVR case law, gives account of three of the four reported German cases cited above but does not entail any other relevant case law from outside Germany.
under the German PVR Act. However, one should keep in mind that the difficulties in the enforcement discussed above concern cases where consumption products are marketed. Therefore, it would be a more intuitive solution to revise the provision on „other plants or parts of plants“ and the underlying provision on harvested goods in Article 14 para. 2 UPOV 1991 than to blur the definition of propagating material. However, since changes to the text of the UPOV ACT are rather unlikely in the current situation, it is understandable that ornamental breeders plead for an extensive interpretation of “propagating material” or “variety constituents”. The wording of Article 14 para. 1 UPOV, Art. 13 para. 2 of the European Regulation 2100/94 is broad enough for such an extensive interpretation. For the German PVR Act, the situation is more difficult as explained above.

II. Changes in technology

Another aspect that should be taken into account is the rapid change of technology for the multiplication of plants. Modern tools of biotechnology have reduced the necessary time and resources for the reproduction of plants, especially for asexually reproduced plants. When the UPOV 1991 Act and the German PVR Act of 1997 were enacted it was rather difficult to reproduce entire ornamental or fruit plants from a small number of living plant cells. All the efforts and costs of the breeder are encapsulated in this cell material. Therefore, the distinction between parts of plants “which are intended for the production of plants” and other parts of plants which have been put on the market for consumption is less than ever a qualitative one. In many cases, the question is rather how costly and burdensome reproduction is. Nevertheless, one should not forget that cases of unauthorized reproduction from consumption plants may be covered by the PVR system, even if the restrictive German PVR Act is applied, as long as the approach taken by the Federal Supreme Court in the “Achat” case is accepted: Once the producer decides to use consumption plants for propagation purposes, those plants change their character and are thenceforth propagating material. According to the Federal Supreme Court, the seller of the consumption plants is liable for infringement, if he could have been aware that the buyer will use the plants for propagation purposes and does not take counter measures. Therefore, it is certainly correct that modern biotechnology has made breeders more vulnerable for unauthorized reproduction of their varieties but it is also true that a careful interpretation of the current rules of the German PVR Act may cover many of these cases. For potatoes, German courts have applied this approach for nearly twenty years. For ornamental varieties, such an interpretation would certainly require a self-confident judge who is prepared to set aside the Federal Government's clear language in its explanatory memorandum for the 1997 Act, according to which cutflowers and pot plants should not be characterized as propagating material. However, it has been shown above, that the drafters of the explanatory memorandum obviously did not oversee all the consequences of the changes in the wording of section 10 para. 1 German PVR Act in 1997. Therefore, one should not put to much emphasis on the 1997 explanatory memorandum.

III. Exclusive rights in the value chain

The PVR system of the UPOV Act of 1991 and the German PVR Act are based on an approach that

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has been called a “cascade.” The notion of “cascade” implies that the breeder should only exercise his right in relation to the harvested material if he has not been able to exercise his right in relation to the propagating material. The PVR protection does therefore not cover the full value chain if the right holder can exercise his right on the early stage of production or marketing of propagating material. This approach has the clear advantage that conflicts about unauthorized reproduction will typically occur between the specialized actors of plant breeding and production but not between the right holder and mere resellers of plants or products obtained from those plants. On the other side, a “cascade” approach can only work if the different levels of the cascade provide sufficient protection for the right holder in situations where he can only seek protection on one of the lower levels. One may have doubts whether the current “cascade” system achieves this goal in all cases, as shown above with regards to the mentioned loopholes in the ornamental sector.

IV. Weakening the PVR system will set further incentives to apply for patents

After all, it seems that only ornamental breeders have difficulties under the current regime whereas the much bigger agricultural sector can live with the approach. Why not then wait for the next UPOV revision in the future, whenever this will be, to clarify the concepts of propagating material and other plants or parts of plants for consumption and allow in the mean time member states to implement “intended for” requirements for propagating material? Because waiting and keeping the UPOV system as vague as it is, will further undermine the whole PVR system and will set further incentives to apply for plant patents. In Europe plant patents are no longer a mere abstract threat. Rather patents are a very concrete strategic choice of many plant breeders, especially after the European Patent Office in its landmark decisions “Tomatoes II” and “Broccoli II” has opened the floodgate for patents on native traits. In the European patent system, right holders have an exclusive right for the full value chain, as long as the biological material of the defendant is derived from the protected biological material through propagation or multiplication in an identical or divergent form and possesses the same characteristics. Resellers and users of the product may of course plead for exhaustion if the plant material was placed on the market with the consent of the right holder. But in the patent system, the defendant must prove that the requirements for exhaustion are met. Therefore, it will not be without a price for producers and resellers to implement a narrow protection for PVRs on the UPOV level.

F. Conclusions

Although Germany has a restrictive definition of propagating material compared to other UPOV member states, courts are still in a position to provide adequate protection to breeders, especially in the agricultural sector. By contrast, for flowers and other ornamental species, breeders are concerned about loopholes in the protection of their varieties. These loopholes concern

consumption products that are used for unauthorized multiplication of flowers or pot plants and consumption products produced abroad and imported without the consent of the right holder. Since both loopholes concern consumption products in the ornamental sector, an obvious solution would be to revise the provisions of the second level of the “cascade”, i.e. Article 14 para. 2 UPOV 1991 and the respective national rules, and to implement a special provision concerning the reproduction and import of cutflowers and pot plants. But since changes to the text of the UPOV Act are rather unlikely in the near future, ornamental breeders should be supported in their plea for an extensive interpretation of “propagating material” or “variety constituents”. The wording of Article 14 para. 1 UPOV, Art. 13 para. 2 of the European Regulation 2100/94 is broad enough for such an interpretation. Moreover, UPOV should be careful in the drafting of its explanatory note on “harvested material” and lower the barriers for protection with regard to harvested material as far as this is possible under the current text. If the PVR system does not provide a sufficient level of protection to plant breeders, they will have a strong incentive to apply for more patents on plants. Such a development would change the whole ecosystem of plant breeding and production with unforeseeable consequences for the UPOV system and its member states.