SPC Guiding Case No. 160: Cai Xinguang v. Guangzhou Runping Commercial Co., Ltd. (Infringement of New Plant Variety Rights)

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Keywords

Civil / infringement of new plant variety rights / scope of protection / propagating material / harvested material

Holding

1. The propagating material of an authorized variety is the scope of protection of a new plant variety right and the basis on which the variety right holder exercises the exclusive right. The scope of protection of an authorized variety is not limited to the propagating material obtained by the specific method used when applying for the variety right; even where it differs from the propagating material commonly used by the breeder at the stage of authorization of the new plant variety right, other plant material that can be used as propagating material for the authorized variety shall also be brought within the scope of protection of the new plant variety right.

2. For plant material to be determined as propagating material of a certain authorized variety, it must simultaneously satisfy the following requirements: it is a living organism, it has reproductive capacity, and the new individuals reproduced from it are identical in characteristics and traits to the authorized variety. Plant material that can only be used as harvested material and not as propagating material does not fall within the scope of protection of a new plant variety right.

Basic Facts

Cai Xinguang applied for the new plant variety right over "Sanhongmiyou" (three-red pomelo) on November 10, 2009, and was granted authorization on January 1, 2014, with variety right number CNA20090677.9 and a protection term of 20 years. The Report on the On-site Investigation of the DUS Test of Agricultural New Plant Varieties issued by the Office for the Protection of New Varieties of Plants of the Ministry of Agriculture and Rural Affairs recorded that the provisional name of the variety was Sanhongmiyou, the plant species was the citrus genus, the variety type was asexual reproduction, and the on-site investigation results recorded that the color of the white pith layer of the applied-for variety was pink, while that of the similar variety was white, so that the applied-for variety possessed distinctness. The investigation conclusion was that the applied-for variety possessed distinctness and uniformity. The attached photographs recorded that the fruit surface of Sanhongmiyou was dark red, the white pith layer was pink, and the flesh was purple, whereas the fruit surface of Hongroumiyou (red-flesh pomelo) was yellow-green, the white pith layer was white, and the flesh was red. The above facts were supported by evidence including the New Plant Variety Right Certificate, the receipt for payment of the annual fee of the new plant variety right, the Statement of Opinions, the Application for Variety Right, the Description, the Declaration of Change of Bibliographic Items, and the Report on the On-site Investigation of the DUS Test of Agricultural New Plant Varieties.

On March 23, 2018, Cai Xinguang filed a lawsuit with the Guangzhou Intellectual Property Court, claiming that Guangzhou Runping Commercial Co., Ltd. ("Runping Company") had continuously sold "Sanhongmiyou" fruit in large quantities, thereby infringing his new plant variety right over the variety named "Sanhongmiyou".

Runping Company defended that the allegedly infringing pomelo fruit it sold had a lawful source, and produced the contract signed between Party A Kunshan Runhua Commercial Co., Ltd. Guangzhou Huangpu

Branch ("Runhua Huangpu Company") and Party B Jiangshan Sennan Food Co., Ltd. ("Sennan Company"). Runhua Huangpu Company and Sennan Company entered into the 2017 annual commercial cooperation terms on July 18, 2017, and the contract contained a clause in item 5 of Article 6 recording that, as of the date of signing of the contract, the two parties already cooperated with six stores, including Runping Company. On January 8, 2018, Sennan Company issued an invoice to Runhua Huangpu Company and a list of goods sold or taxable labor and services provided, and the list recorded that the goods included 650 kilograms of Sanhongmiyou. A copy of Sennan Company's business license recorded that Sennan Company was a limited liability company, established on February 22, 2013, with registered capital of RMB 5 million, and a business scope of wholesale and retail of pre-packaged food and the sale of fruit and vegetables. Sennan Company's Food Business License recorded that its business items were the sale of pre-packaged food and the sale of bulk food, and the license was valid until August 10, 2021.

Judgment

On January 3, 2019, the Guangzhou Intellectual Property Court rendered the civil judgment (2018) Yue 73 Min Chu No. 732, dismissing Cai Xinguang's claims. After the judgment was pronounced, Cai Xinguang appealed to the Supreme People's Court. On December 10, 2019, the Supreme People's Court rendered the civil judgment (2019) Zui Gao Fa Zhi Min Zhong No. 14, dismissing the appeal and affirming the original judgment.

Reasoning

The Supreme People's Court held: The main disputed issue in this case was whether Runping Company's act of selling the allegedly infringing pomelo fruit constituted infringement of Cai Xinguang's new plant variety right over Sanhongmiyou, among which the determination of the scope of protection of the new plant variety right over Sanhongmiyou was the focus of the case.

In this case, although Cai Xinguang submitted propagating material in the form of branches obtained by grafting when applying for the new plant variety right over Sanhongmiyou, this did not mean that the scope of protection of the new plant variety right over Sanhongmiyou only included the propagating material obtained by grafting; branches obtained by other means also belonged to the propagating material of the variety. With the development of science and technology, plant bodies differing from the propagating material at the stage of authorization of the new plant variety right could also become planting material selected by breeders, that is, planting material other than branches could also be commonly used by breeders. In that situation, such planting material, as propagating material of the authorized variety, should be brought within the scope of protection of the new plant variety right. The original judgment held that the propagation method of the infringing propagating material should correspond one-to-one with the material and propagation method used in breeding the variety, and held that bringing propagating material differing from the initial propagation method by which the variety right was obtained into the scope of protection of the new plant variety right was unbalanced with the rights that the right holder should enjoy in the process of applying for the new plant variety right. That determination used the propagation method at the time of applying for the new plant variety right as the basis for protecting the authorized variety, limited the scope of protection of the new plant variety right, and narrowed the lawful rights and interests of the new plant variety right holder, and should be corrected.

China's relevant laws, administrative regulations, and rules enumerate propagating material, but they do not expressly provide how to determine which parts of a plant body are propagating material for a specific variety. To determine whether something is propagating material of a certain authorized variety, in biological terms it must simultaneously satisfy the following conditions: it is a living organism, it has reproductive capacity, and the new individuals reproduced from it are identical in characteristics and traits to the authorized variety. Whether the allegedly infringing pomelo fruit is propagating material of the Sanhongmiyou variety requires not only determining whether the fruit has reproductive capacity, but also determining whether the new individuals reproduced from the fruit have the morphological characteristics of dark red fruit

surface, purple flesh, and pink white pith layer; if it does not possess the characteristics and traits of the authorized variety, it is not propagating material protected by the Sanhongmiyou variety right.

As to whether the Sanhongmiyou fruit could serve as propagating material, upon review, even specialized scientific research institutions would find it difficult to breed pomelo seedlings from the seeds of the Sanhongmiyou fruit. During the second-instance hearing, the expert assistant engaged by Cai Xinguang stated that pomelo is mono-embryonic and prone to variation, that the variety is propagated through branches, bud sticks, rootstock, or division, and that whether the Sanhongmiyou fruit has seeds and whether the seeds are degenerated is uncertain. Taking the specific circumstances of the variety in this case together, the seeds and juice sacs of the allegedly infringing pomelo fruit in this case did not have the capacity to propagate the authorized Sanhongmiyou variety, and did not constitute propagating material of the Sanhongmiyou variety. The allegedly infringing pomelo fruit was harvested material rather than propagating material, and did not fall within the scope of protection of a new plant variety right. If harvested material were brought within the scope of protection of a new plant variety right in this case at present, it would contravene the relevant provisions of the Seed Law, the Regulations on the Protection of New Varieties of Plants, and the Several Provisions of the Supreme People's Court on the Specific Application of Law in the Trial of Disputes over Infringement of New Plant Variety Rights.

In addition, different parts of a plant body may have multiple different uses: they can be produced for propagation purposes, and can also be used for direct consumption or ornamental purposes; the same plant material may be both propagating material and harvested material. For a plant body that can be both propagating material and harvested material, whether it can be determined to be propagating material in an infringement dispute should be reviewed by examining the true intent of the seller in selling the allegedly infringing plant body, that is, whether its intent is to sell the material as propagating material or as harvested material; where the user defends that its act is a use rather than a production act, the user's actual act of use should be reviewed, that is, whether the harvested material is directly used for consumption or used to propagate the authorized variety.

In summary, Cai Xinguang's appellate claims that the allegedly infringing pomelo fruit was propagating material of Sanhongmiyou and that Runping Company's sales constituted infringement could not be established and should be dismissed.

Relevant Legal Provisions

Article 28 of the Seed Law of the People's Republic of China.

Article 6 of the Regulations of the People's Republic of China on the Protection of New Varieties of Plants.

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