

Date	August 29, 2008	Court	Tokyo District Court, 46th Civil Division
Case number	2006 (Wa) 19802		
– A case in which the court partially accepted the plaintiff's claim for an injunction, etc. against the production, assignment, etc. of propagating material and the payment of damages, etc. after examining the allegation of the plaintiff, who is the holder of a breeder's right for two varieties of shiitake mushroom for which variety registrations were made under the Plant Variety Protection and Seed Act, to the effect that the defendant's act of manufacturing mushroom beds from the mushroom spawn of said varieties of shiitake mushroom and selling them constitutes infringement of the plaintiff's breeder's right.			

In this case, the plaintiff, who holds a breeder's right for two varieties of shiitake mushroom for which variety registration was made under the Plant Variety Protection and Seed Act (the names of the registered varieties are "JMS 5K-16" and "MM-2"; the former and the latter shall be hereinafter referred to as "Registered Variety A" and "Registered Variety B," respectively; in the case of Registered Variety B, the plaintiff is a joint holder), alleged that the defendant's act of manufacturing mushroom beds from the mushroom spawn of said varieties of shiitake mushroom and selling them constitutes infringement of the plaintiff's breeder's right. The plaintiff sought an injunction against the production, assignment, etc. of any propagating material that is identical with said Registered Varieties in terms of characteristics, and demanded destruction of the facilities and materials used for production, payment of damages, and publication of an apology advertisement as a measure to restore business reputation.

In this case, there is a consensus among the parties concerned about the fact that the defendant manufactured mushroom beds by using mushroom spawn of Registered Variety A and Registered Variety B and sold them (corresponding to the production and assignment of propagating material). The major issues in this case are [i] whether the defendant holds a non-exclusive exploitation right or not and its effect, [ii] whether there are any circumstances that can reverse the presumption of the defendant's negligence in the infringement of the plaintiff's breeder's right, [iii] whether it is possible to seek an injunction and destruction, [iv] the amount of damage that should be compensated by the defendant, and [v] whether it is possible to seek publication of an apology advertisement.

In this judgment, regarding Issue [i], the court held that, with respect to the breeder's right for Registered Variety A, the defendant alleged that, he/she had obtained a non-exclusive exploitation right from the plaintiff's predecessor, but has failed to submit

any allegation or evidence to prove the registration of said non-exclusive exploitation right (Article 32, paragraph (3) of the Plant Variety Protection and Seed Act), and therefore, it may be found, without examining whether the plaintiff's predecessor actually granted an exploitation right or not, that the defendant may not assert said non-exclusive exploitation right against the plaintiff, who had received a transfer of the breeder's right from the predecessor and had said transfer registered. Furthermore, the court found that, regarding the breeder's right for Registered Variety B, the defendant alleged that he/she had obtained a non-exclusive exploitation right from a third party who had jointly held said right with the plaintiff, but said third party may not be considered to have obtained the consent of the plaintiff, who was the other joint holder (Article 23, paragraph (3) of said Act), and that the defendant may not assert the effect of said non-exclusive exploitation right against the plaintiff.

Regarding Issue [ii], the court found that it is necessary for the defendant to submit an allegation and proof of the defendant's non-negligence in order to reverse the presumption of negligence (Article 35 of said Act) but held that all of the defendant's allegations of non-negligence for the act of infringing the breeder's right for Registered Variety A and Registered Variety B are unacceptable and dismissed all of them.

Regarding Issue [iii], the court found that, while there is insufficient evidence to find that the defendant had actually committed an act of infringing the breeder's right for Registered Variety A and Registered Variety B, it is possible for the defendant to obtain mushroom spawn for Registered Variety A and Registered Variety B, which is still on sale, and to manufacture mushroom beds. On these grounds, among others, the court accepted the claim for an injunction made under Article 33, paragraph (1) of the Plant Variety Protection and Seed Act. However, regarding the claims for destruction made under paragraph (2) of said Article, the court dismissed the claim for destruction of the facilities (that are versatile enough to be used in the manufacturing process of mushroom beds) on the grounds that such destruction would go beyond the scope necessary for the exercise of the right to seek an injunction, and also dismissed the claim for destruction of the materials on the grounds that such destruction would involve materials that are not in the possession of the defendant.

Regarding Issue [vi], the court calculated the amount of damage under Article 34, paragraph (1) of the Plant Variety Protection and Seed Act including the reasonable amount of attorney's fee, but dismissed the costs of investigation by holding that there is no proximate causation between said costs and the act of tort.

Regarding Issue [v], the court dismissed the claim for publication of an apology advertisement made under Article 44 of the Plant Variety Protection and Seed Act by

holding that there is insufficient evidence to prove that the defendant's act of manufacturing mushroom beds by using the mushroom spawn of Registered Variety A and Registered Variety B and selling them had damaged the plaintiff's business reputation.