

# Patent law change implicates packers and retailers

**It is against the law to sell fruit from illegally propagated trees.**

*By Geraldine Warner*

A change in the plant patent laws is likely to make it easier for owners of fruit varieties to pursue people who illegally propagate patented varieties, and growers are being urged to confess to their packers if they have pirated trees.

It has always been illegal to grow trees of a patented variety without paying a royalty to the owner of the variety, but a change in the law in 1998 makes it also illegal for anyone to sell fruit from pirated trees.

This means that both warehouses and retailers are at risk of being prosecuted, according to attorney George Grigel of Spokane, Washington, and not knowing that the fruit came from pirated trees will be no defense.

The change was made at the urging of the U.S. cut flower industry to prevent people from taking patented flower varieties to Mexico and exporting cut flowers back to the United States. But it means that there's now an effective way to stop the widespread pirating of fruit varieties.

Ken Adams at Willow Drive Nursery, Ephrata, Washington, said when nurseries receive a master license from the owner of a variety, they have a responsibility to protect the variety and maintain its quality. Owners expect to receive royalties to cover the costs of developing varieties.

## **Difficult to police**

However, illegal propagation of trees has been difficult to police, particularly when it involves one of the many sports of Red Delicious, which are not easy to tell apart.

Adams said it will behoove packers to find out if the grower has proof that he or she purchased the trees from a licensed nursery. "They have the burden to find out who grew the fruit and if they were legitimate trees."

Retailers might want the same kind of reassurance, he added. "The store doesn't want to be involved in any kind of lawsuit from handling fruit that's illegally produced. Everyone is going to want to make sure everything is in order."

It has been estimated that as many as 50% of the apple trees planted in Washington State in recent years have not been supplied by commercial nurseries. Many orchardists grow their own trees in order to cut costs, and Adams guesses that a large proportion of those are patented varieties. The standard Fuji and Gala are no longer patented, but most of the newer strains and newer varieties are.

He said pirating of trees has become so common that people think nothing of it.

"It's the way things have been done. People thought you could take a variety and multiply it yourself, and that's not true."

And some growers have been getting around the law by propagating what they call a new sport of a variety.

## **Penalties**

Grigel said penalties for illegally propagating trees or selling fruit from them could include actual damages, meaning lost profits. Willful infringement of the patent law can carry a penalty of triple damages, plus attorneys' fees and costs.

He said those who should be most concerned about potential liability are those with the deepest pockets.

"The people who are propagating illegal trees are essentially the empty pockets from a judgment standpoint," he said. "That's why they're doing this--because they're thinly capitalized or so cheap they didn't want to spend the royalties for the trees--so the fact is the people that are going to get hammered are the ones that have the money--the packing houses and people downstream in the distribution chain."

### **No surprises**

When illegal fruit is detected in the marketplace, it will be tracked back to the packer, Grigel said. "If they don't want to have surprises for their customers, they're going to have to ensure the fruit they are taking in is from trees that are legally propagated. If they're taking fruit in and they don't know whether the trees are legally propagated, they leave themselves wide open for a suit."

Some fruit from illegal trees has been imported into the United States from Chile. Grigel said supermarkets will now want assurances from suppliers that the fruit is of legal origin or might ask them to post a bond in case of a lawsuit.

But there could be consequences for growers, too. Orchardists who have illegally propagated trees probably should tell their packers rather than wait to see if they get sued, Grigel suggested.

"It will go a lot better for them to get in and identify that they have illegally grown trees now than to get detected," he said.

Last year, Brandt's Fruit Trees of Parker, Washington, and the Department of Agriculture in Western Australia, obtained a \$374,000 settlement in a patent infringement lawsuit concerning illegal propagation of Pink Lady trees.

### **Certificates**

Willow Drive Nursery is issuing numbered certificates with the trees it sells that growers can use to show packers that the fruit is from legitimate trees. Customers also are asked to sign nonpropagation agreements.

"We don't want to pick a fight," Adams said. "We're trying to educate the growers. They need to be aware of the law, and hopefully, this will keep them out of trouble."

He said when variety owners enter into exclusive growing arrangements for new varieties in order to limit production, there will be even more emphasis on protecting those varieties.

And in future, the DNA of a variety will be part of the patent, so that the true identity of an apple or a tree will be easily determined by DNA testing, Adams said.

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