

Hamburg, 29 March 2011

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS (UPOV)

Dr. Keun-Jin Choi, President of the Council
Ms. Kitisri Sukhapinda, Vice-President of the Council
Mr. Peter Button, Vice Secretary-General

34, chemin des Colombettes
CH-1211 Genève 20

Switzerland

Dear Ms. Sukhapinda,
Dear Sirs,

For the preparation of the next meeting of the Consultative Committee and the Council please find attached our letter to the Minister for Agriculture, Forestry and Water Management of the Republic of Serbia, containing our comments to the draft PBR legislation of the Republic of SERBIA.

We would kindly like to ask you to share our comments with the members of the Consultative Committee and the Council.

With kind regards,

Dr. Edgar Krieger
Secretary General

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Communauté Internationale des Obtenteurs de Plantes Ornementales et fruitières de Reproduction Asexuée



His Excellency
Mr. Dušan Petrović
Minister for Agriculture, Forestry and Water Management of the
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CIOPORA comments on the Law of the Republic of Serbia on the Protection of Plant Breeders' Rights

Dear Mr. Petrović,

Our association is the International Community of Breeders of Asexually Reproduced Ornamental and Fruit Varieties. Our membership currently covers some twenty-five countries disseminated on the five continents and our members representing an overwhelming percentage of plant patents and plant breeders' rights certificates granted under the UPOV system world wide.

CIOPORA is very much appreciative on the fact that Serbia intends to adopt and ratify the UPOV 1991 Convention and – as a precondition to this – to orient its Plant Breeders' Right law towards the UPOV 1991 Convention.

From UPOV we have received the "Draft Law on Protection of Plant Breeders' Rights" (in the following "the draft Law"), which has been submitted to the UPOV Council for the examination of the conformity of the draft Law with the UPOV 1991 Convention.

CIOPORA is pleased to see that several of its comments, which have been submitted by letter of 28 March 2008 to his Excellency Dr. Slobodan MILOSAVLJEVIC, have been incorporated in the draft Law.

In the opinion of CIOPORA the draft Law now in general is in conformity with the UPOV 1991 Convention, except for the lack of effective enforcement measures according to Article 30 (1) (i) of the UPOV 1991 Convention.

Additionally, the draft Law contains a few provisions which – although they are in compliance with the UPOV 1991 Convention – should be improved in order to provide entirely effective protection for breeders or to take into consideration some practical given facts in the breeding business.

CIOPORA, therefore, would like to comment on the draft Law and submit the following additional comments and proposals:

1. SCOPE OF THE BREEDER'S RIGHT (Article 25)

1.1 The main ambition of the breeders of ornamental and fruit varieties is to create new varieties of pot plants, cut flowers and fruits. Breeders of such varieties have to be able to exercise their right (and notably collect their royalties) at the stage where the added value of the variety is normally expressed – which is the end-product *per se* for most cut flowers and fruit varieties. Thus, the essence of protection for such categories of new products must bear on the **manufacture (reproduction/propagation), offering for sale, sale, exporting, importing and USE for commercial purposes** of the whole protected variety.

1.2 The acts as mentioned in Article 25 paragraph 2 refer to “propagating material”. We are not able to find a definition of the term “propagating material” in the draft Law. CIOPORA recommends to include such a definition into the draft Law, as the term “propagating material” is one of the key terms of the Plant Breeders’ Rights system. The definition could be worded as follows:

- ***propagating material***, in relation to a plant of a particular plant variety, means any part or product from which, whether alone or in combination with other parts or products of that plant, another plant with the same essential characteristics can be produced (definition in the law of Australia) or
- ***propagating material***: entire plants or parts of plants as far as such parts are capable of producing entire plants (definition similar in the Community Plant Variety Right-Regulation 2100/94 of the European Union)

in order to provide for a sufficiently broad and balanced definition of “propagating material”.

1.3 CIOPORA appreciates the adoption of the principle of dependency instituted by the 1991 UPOV Convention for “*essentially derived varieties*”.

However, CIOPORA recommends to delete in the description of an essentially derived variety the last half-sentence of No. 1) of the Law

1) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety

A comparison of the wording of the current sub-paragraphs 1) and 3) of the description shows that these two sub-paragraphs might be inconsistent in regard to the clause “*retaining the expression of the essential characteristics*”. While sub-paragraph 3) allows an unlimited number of differences (as long as they result from the act of derivation), sub-paragraph 1) seems to set a limit. Many member states of UPOV, inter alia the European Community, have avoided said inconsistency by leaving out the second half-sentence in sub-paragraph 1).

2. EXHAUSTION OF THE BREEDER'S RIGHT (Article 27)

The UPOV 1991 Convention, which has otherwise brought improvements to the 1978 Act, has introduced the principle of “exhaustion” of the breeder’s right. This principle has unfortunately been drafted in a too general way.

To provide the breeders of vegetatively propagated ornamental and fruit varieties parity with owners of patents as required under Art 27 (3) b of the TRIPS-Agreement it is necessary that the exhaustion exists only for the specific field of use for which the breeder has licensed his variety and only for the specific territory where the licensed title is valid.

CIOPORA would therefore like to propose the following wording for Article 27 of the Law:

The Plant Breeders' Right shall not extend to acts that have been performed with the express authorization of the holder of the right and within such conditions and limitations as said holder may have made his authorization subject to.

3. PROVISIONAL PROTECTION (Article 28)

The provisional protection should be more effective.

The provisional protection shall create an incentive for breeders to start the exploitation of their new varieties at the earliest possible stage, so that the public can benefit from the innovation at an early stage.

As a general rule breeders start the exploitation of their new varieties even before they apply for protection, i.e. within the one-year-period in the territory or within the four/six year period outside the territory of protection¹. This is to the benefit of the growers, too, because growers usually aim to access new varieties as soon as possible in order to reap the benefits of the improved characteristics of such varieties. Therefore, especially in stone-fruits, in many cases a variety therefore will have its first commercial peak far before the grant of the title.

In order to create a real incentive for breeders to publish their innovation at an early stage, the breeder of the new variety must be in the position to control the exploitation of his variety, i.e. to grant licenses and to stop "infringers", even before the protection title is granted. Otherwise there would be no real incentive for the breeder to make his new variety available to the public prior to the grant of the title.

It is, therefore, necessary to provide the breeder of a new variety with an effective mechanism to control his variety between the application and the grant of the title, in particular in the sector of fruit trees, where the period between the application and the grant is very long.

If the breeder cannot control his variety at this stage, this is not only negative for the breeder. Also growers, who co-operate with the breeder, face a situation of unfair competition by those, who exploit the new variety without such co-operation. The current provision does not grant sufficient protection. Particularly breeders in fruit crops report that some growers systematically make use of a new variety, which is applied for, without paying any remuneration. It is reported that when it comes to the grant of the title, these growers file fraudulent bankruptcy so that the breeder is not able to receive the remuneration.

The UPOV 1991 Act expressly allows a stricter and more effective provisional protection. In Article 13 of the UPOV 1991 Act it reads:

¹ Different to inventions, which as a general rule are not released to the public before the patent is granted.

*Each Contracting Party shall provide measures designed to safeguard the interests of the breeder during the period between the filing or the publication of the application for the grant of a breeder's right and the grant of that right. **Such measures shall have the effect that the holder of a breeder's right shall at least be entitled to equitable remuneration from any person who, during the said period, has carried out acts which, once the right is granted, require the breeder's authorization as provided in Article 14.***

Under No. 8 of the UPOV Explanatory Note UPOV/EXN/PRP/1 on the Provisional Protection it expressly is stated:

8. The use of the text "at least" clarifies that it is possible, for example, that the provisions on provisional protection in the law governing breeders' rights provide the holder of the breeder's right with the full scope of the breeder's right.

An example of an effective provisional protection can be found in the PBR–Act of New Zealand: the breeder has – as of the date of his application – the same rights that he has after the grant of the title. If at the end no title is granted, the rights conferred to the breeder shall be deemed never to have been conferred to him.

The risk involved in such procedure is negligible, as only ca. 10% of the applications are not successful.

The current provision does not provide sufficient protection for the breeder and additionally is disadvantageous to the honest growers, who co-operate with the breeder anyway. The current provision only protects dishonest players in the business.

4. CONTRACTUAL LICENSES (Article 30)

Article 30 paragraph 4 of the draft Law imposes a huge burden to the title holders when making it compulsory for them to send a copy of each license contract to the authority, as holders of PVR titles grant numerous licenses. CIOFORA therefore recommends to delete this obligation from the draft Law. In any case the obligation should be limited to "exclusive licenses" only.

5. PROTECTION OF BREEDERS' RIGHTS (Articles 39 – 42)

According to Article 30 (1) (i) of the UPOV 1991 Convention each contracting party shall provide for appropriate legal remedies for the effective enforcement of breeders rights. In this regard UPOV has published the document UPOV/EXN/ENF/1, EXPLANATORY NOTES ON THE ENFORCEMENT OF BREEDERS' RIGHTS UNDER THE UPOV CONVENTION, as adopted by the UPOV Council at its forty-third ordinary session on 22 October 2009. Plant Breeders' Rights laws should incorporate the measures as referred to in this Explanatory Note.

- 5.1 Article 40 of the draft Law contains only rudimental rights of the title holder in case of an infringement of his right. Complementary rights such as the right to access to premises, the right to information or the right to preliminary measures are missing.
- 5.2 We are also unable to find a penal sanction for an infringement of a Plant Breeders' Right.

Article 41 of the TRIPS Agreement provides that members of the WTO 'shall ensure that enforcement procedures are available under their law so as to permit **effective action** against any act of infringement of intellectual property rights covered by this Agreement,...

Additionally, Article 61 of the TRIPS Agreement points out that the WTO members shall provide for criminal procedures and penalties.

CIOPORA believes that penal sanctions for infringements should be provided for in the Plant Breeders' Rights Law of Serbia, over and above civil sanctions.

- 5.3 Finally, CIOPORA strongly recommends to include into the Law customs measures relating to Plant Breeders' Rights or at least to include a link to the respective customs law. This is indispensable for the enforcement of the exclusive right of the title holder to *export and import*.

Production and trade with ornamental and fruit plants and its harvest is very international and not limited to the territory of one country only. In order to enable the right holders to effectively enforce their rights, effective border measures are indispensable. The practice shows that especially by border controls numerous infringements of Plant variety Rights can be detected.

Without implementing border measures for Plant Variety Rights, no effective enforcement is provided for and Article 30 (1) (i) of the UPOV 1991 Act is not complied with. In this regard the UPOV office has recommended in document C (Extr.)/25/5 (this is the UPOV report of the previous examination of the PBR law of Serbia) in No. 30 "... that reference is made in the draft law to any legislation in the Republic of Serbia providing for provisional and customs measures.

The chapter regarding the enforcement of the right, therefore, should be amended at least by measures as mentioned in the UPOV Explanatory Note on Enforcement under "(a) civil measures", "(b) customs measures" and "(d) criminal measures" or by the respective references to the existing legislation in Serbia.

Alternatively the government of the Republic of Serbia could provide the UPOV Council with a detailed statement that the before mentioned measures are available in Serbia and that the respective provisions in the Civil law, the Customs law and the Criminal law of Serbia are applicable to Plant Breeders' Rights, too.

- 5.4 OBSOLESCENCE OF LAWSUIT (Article 41)

In regard to paragraph 1 CIOPORA submits that claims against an infringer shall be time barred after three years from the time at which the plant variety right has finally been granted and the holder has knowledge of the act and of the identity of the party liable.

In regard to paragraph 2 the final barrier for filing a law-suit should be extended to 30 years. The period of 5 years as included in the draft Law is unreasonably short.

- 5.5 Plant Breeders' Rights law is – due to the specialities of the material incurred – difficult and to judge about such cases it needs special knowledge in said matter. Thus, it is advisable to direct Plant Breeders' Rights court cases to selected courts in Serbia, which are specialised in Plant Breeders' Rights law or at least to courts that

already are established for patent infringement cases because of similar experience in industrial property. This guarantees a unitary and qualified case law.

We would be grateful if you would take the before mentioned changes and amendments into consideration and keep us updated on the development of the Law so that we may supplement our present comments if necessary.

Additionally, we would be grateful if your ministry would provide us with a list of the applicable fees and a copy of the application forms.

Respectfully yours,

CIOPORA

A handwritten signature in black ink, appearing to be 'E. Krieger' with a stylized flourish at the end.

Dr. Edgar Krieger
Secretary General

CC: UPOV Office
UPOV Council