

Comments concerning document UPOV/EXN/HRV Draft 1
“Explanatory Notes on Acts in Respect of Harvested Material under the UPOV Convention”
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In my opinion Section I “CONDITIONS AND LIMITATIONS WITH RESPECT TO THE BREEDER’S AUTHORIZATION IN RESPECT OF PROPAGATING MATERIAL” is the matter off the topic of the document considered and should be excluded or separated as individual document since:

Under Article 14 (1)(b) of the UPOV Convention the breeder may, when concluding a license contract on transfer of the exclusive right on acts with propagating material stipulate in the contract the certain conditions and restrictions. Meanwhile, it is very important to note that provisions of subparagraph (b) concern paragraph 1 “*Acts in respect of the propagating material*” but do not concern paragraph 2 “*Acts in respect of harvested material*”.

Examples of such certain conditions and restrictions may be:

- a) remuneration payment conditions for the given right
 - annually or lump sum (at a time);
 - method of settlements of the size of payment (depends of sown area of propagating material, amount of propagating material produced or sold, cost of propagating material produced or sold etc.);
 - remuneration payment term and penalty size if untimely payment;
- b) territory where the contract is in force (separate administrative territories or the whole territory of the Breeder’s Right action);
- c) period of the contract validity (before a certain date or for all period of the Breeder’s Right action);
- d) manufacture of propagating material of the certain categories (reproductions);
- e) granting to licensee of the right for issuance of sublicenses and conditions of their issuance;
- f) restriction of the right for export / import of propagating material without additional contract or notification of the patentowner about it;
- g) conditions of cancellation of the contract;
- h) technological specificities of production / reproduction of the propagating material.

The provision in respect of the right on *Acts in respect of the harvested material* established in Article 14, paragraph 2 of the 1991 Act of the UPOV Convention effects only under the certain exclusive conditions (harvested material has been grown from illegal (counterfeit) propagating material and, “unless the breeder has had reasonable opportunity to exercise his right” when the given illgal propagating material had been manufacturing.

There is no reason to contend that “a breeder may authorize the propagation of his variety on the condition that remuneration is paid on the basis of the value of the harvested product (or products made directly from harvested material of the variety)” (point 4 of doc. UPOV/EXN/HRV Draft 1). The UPOV Convention makes no such provision and the breeder has no such right.

Contracting Party (under Article 14(4) of the UPOV Convention) **may** provide the Breeder’s Right extension in their territory and extend it on farmers’ acts undertaken in respect of manufacture of harvested product. The notion of “cascade” (point 11 of doc. UPOV/EXN/HRV Draft 1) is borrowed from patent practice of inventions (for invention use in the scope of claims) and should not be used within “the Breeder’s Right”. It is the very

difference and advantages of the UPOV Convention where is established Article 16 “Exhaustion of the Breeder’s Right”.

The breeder may have remuneration from each amount of propagating material once only and has no right to have a “cascade” (repeated) remuneration from other persons for the harvested product obtained from the legal propagating material and he also has no right for remuneration for any products (for example, sunflower variety oil) made directly from that legal harvested product.

2. Section II “ACTS IN RESPECT OF THE HARVESTED MATERIAL”:

2.1. Point 8 of document UPOV/EXN/HRV Draft 1 should be excluded by the reason below:

Exporting of propagating material is covered by the Scope of the Breeder’s Right transferred to the licensee (Article 14, subparagraph (1)(a)(v)), however it does not mean any control mechanism presence on acts of the third party with propagating material exported in other territory where the Breeder’s Right have not been applied and granted. It is impossible to stipulate the right for export through any conditions on acts of the third parties in the territory where the variety is not protected. Furthermore, the propagating material produced legally and marketed is covered by the provisions of Article 16(1) of the UPOV Convention “*Exhaustion of right*”. The material of a variety protected is exported to the country where the given botanical genus / specie varieties are protected without any additional breeder’s authorization.

2.2. Example 1 in point 12 of document UPOV/EXN/HRV Draft 1 should be excluded by the reason below:

Export of the propagating material falls under Exhaustion of the Breeder’s Right (Article 16(1)). Uncertain circle of persons makes production of the propagating material of variety 1 in Country B on a legal basis. The breeder could be granted the variety protection in Country B, but he had not made it and, he has no right for export control of the propagating material to Country A from Country B.

2.3. Example 3 in point 14 of the document does not satisfy the UPOV Convention provisions.

According to Article 16(1)(ii) the material which allows to propagate of the variety in a Country where the given genus or specie varieties are not protected does not fall under the scope of Exhaustion of the Breeder’s Right. The breeder may supervise such export (granting authorization for export subject to conditions of the certain remuneration payment). The breeder has no right to control acts in respect of the variety material belonged to the third parties in the territory unprotected. Import of the propagating material is act within the Breeder’s Right scope (Article 14(1)(a)(i)). Meanwhile, import of the harvested material (even where it is imported from the territory unprotected) does not fall within the Breeder’s Right scope. The third parties control of acts in respect of the harvested material imported is also impossible as well as in respect of products obtained from such harvested material.

2.4. I think the document considered should explain (disclose) the essence of the Breeder’s Right granted under Article 14(2) and answer the question: Wherein consists “the authorization of the breeder” on acts in respect of the harvested material obtained from the propagating material manufactured illegally?

The person, who has produced the harvested material from propagating material purchased legally in the territory where the variety is protected should not be recognized to be to blame for infringement of the Breeder's Right and should not bear liability. The Breeder's Right infringer in the territory protected is the person who reproduces and puts on the market (commercializes) the propagating material illegally purchased. I believe the provision of Article 14(2) provides for breeders the right only to prosecute a claim to stop manufacturing the harvested material and all acts with one has been manufactured in the territory, where the Breeder's Right effects, in respect of person who produced or reproduced, conditioned for the purpose of propagation, offered for sale, sold or other marketing, exported or stocked for any of the purposes mentioned the harvested material obtained through the use of an illegal propagating material. Breeder may require paying remuneration for production of the harvested material only concerning the person whose intentional acts infringing the Breeder's Right had been proved by court. Without recourse to court it is logical under a mutual agreement of parties to make a license contract between the breeder and a concrete person concerning the right of use of the harvested material which has already been manufactured from the illegal propagating material where to stipulate conditions of the certain remuneration payment to breeder.