Disclaimer: unless otherwise agreed by the Council of UPOV, only documents that have been adopted by the Council of UPOV and that have not been superseded can represent UPOV policies or guidance.

This document has been scanned from a paper copy and may have some discrepancies from the original document.

———

Avertissement: sauf si le Conseil de l'UPOV en décide autrement, seuls les documents adoptés par le Conseil de l'UPOV n'ayant pas été remplacés peuvent représenter les principes ou les orientations de l'UPOV.

Ce document a été numérisé à partir d'une copie papier et peut contenir des différences avec le document original.

———

Allgemeiner Haftungsausschluß: Sofern nicht anders vom Rat der UPOV vereinbart, geben nur Dokumente, die vom Rat der UPOV angenommen und nicht ersetzt wurden, Grundsätze oder eine Anleitung der UPOV wieder.

Dieses Dokument wurde von einer Papierkopie gescannt und könnte Abweichungen vom Originaldokument aufweisen.

———

Descargo de responsabilidad: salvo que el Consejo de la UPOV decida de otro modo, solo se considerarán documentos de políticas u orientaciones de la UPOV los que hayan sido aprobados por el Consejo de la UPOV y no hayan sido reemplazados.

Este documento ha sido escaneado a partir de una copia en papel y puede que existan divergencias en relación con el documento original.

UPOV

CAJ/31/4
ORIGINAL: French
DATE: October 16, 1992

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

ADMINISTRATIVE AND LEGAL COMMITTEE

Thirty-first Session

Geneva, October 26 and 27, 1992

HARMONIZATION OF LEGISLATION AND IMPLEMENTATION OF THE 1991 ACT

Document prepared by the Office of the Union

Introduction

1. One of the principal aims of the program of the Union for the 1992-1993 biennium is "to promote a greater harmony between the domestic legislations and administrative practices of member States" (see paragraph 2(vi) of document C/25/4).

2. This aim falls within the area of competence of the Administrative and Legal Committee (hereinafter referred to as "the Committee"). The first task would be to identify the areas deserving attention and to set, if need be, an order of priority. On the basis of the work of the 1991 Diplomatic Conference and the past work of the Committee, the Office of the Union suggests that the issues analyzed below deserve attention and proposes therefore to the Committee that it examine them whilst considering what further issues should be considered in the future.

Novelty

3. Article 6(1) of the 1991 Act reads as follows:

> "(1) [Criteria] The variety shall be deemed to be new if, at the date of filing of the application for a breeder's right, propagating or harvested material of the variety has not been sold or otherwise disposed of to others, by or with the consent of the breeder, for purposes of exploitation of the variety..."

4. The novelty criterion has been substantially revised, in particular, to prevent an inbred line used in the formula of a hybrid from being granted protection where it has been used--outside the "grace periods"--in the commercial production of hybrid seeds. It is to be noted in this respect that whilst the hybrid seeds are the propagating material of the hybrid, they are at the same time the "harvested material" of the inbred line.

5. The Committee and the Diplomatic Conference have decided not to reflect in the text of the Convention the consensus reached on the fact that certain transactions should not prejudice the novelty of a variety. The transactions in question include the following:

(i) the sale or disposal to others of plant material which has been produced in excess or as a by-product during the selection of the variety and already corresponds to the variety (for example the sale as grain of discarded ear-rows);

(ii) the sale or disposal to others of plant material which has been produced in excess or as a by-product during the bulking up of the seed or plant stock (for example the sale as grain of the material harvested in the border strip of the multiplication plot);

(iii) the (sale or) disposal to others of seeds or plants with a view to bulking up the stock belonging to the breeder (or under his control);

(iv) the (sale or) disposal to others of plant material for the purposes of field trials or laboratory tests of the variety, or also of small-scale processing trials, and the eventual sale or disposal to others of the harvested product (it being understood that the produce of a small-scale processing trial plays no role in relation to novelty);

(v) the sale or disposal to others of propagating material in connection with the transfer (in total or limited to the territory of one or more Contracting Parties) of the right to the variety.

6. The Committee may wish to examine a number of questions in this respect; the main questions could be the following:

(i) <u>On substance</u>

(a) Does the above list cover all cases? Conversely, does it contain unwanted cases?

(b) Should the cases be further defined? Can, in particular, a sale be accepted in the cases described in subparagraphs (iii) and (iv) above? Should the stock referred to in subparagraph (iii) above belong to the breeder (and even be in his possession)?

(ii) <u>On policy</u>

(a) Should an agreed interpretation of Article 6(1) be worked out?

(b) Should the matter be pursued further and should member States be recommended to include specific provisions in their laws? Should model provisions be drafted in that case?

Concerning the last question, it is to be emphasized that if some States adopt specific provisions, difficulties might arise in States which do not adopt such provisions concerning the interpretation of the novelty criterion. An

agreed interpretation approved by Council therefore seems to be the minimum step to be taken.

Exploitation of the Variety Before the Filing of the Application and Provisional Protection

7. Under Article 13 of the 1991 Act, measures must be provided which permit applicants for protection to enjoy, as a minimum, the right to receive equitable remuneration from any person who has exploited the variety during a particular period ending on the date of the decision on the application. Under Articles 6(1) and 11, an applicant may exploit the variety before the filing of the application, during the one-year "grace period" and the priority period, without such exploitation being prejudicial to his application. He may, in particular, put seeds or plants on the market and thereby encourage the buyers to grow the variety for a cycle of shorter or longer duration, depending on the species (one year in the case of cereals, one or more decades in the case of fruit trees, for instance).

8. It may be thought desirable to ensure that a person who acquires seeds or plants sold or otherwise marketed by the breeder or with his consent before the coming into force of provisional protection should be entitled to freely exploit the variety after the date of such coming into force (and perhaps even after the grant of the breeder's right), subject only to any express or implied conditions of which he is aware that attached to the sale or marketing. In other words, it may be desirable to ensure that where the breeder has decided to exploit a variety commercially by involving third parties during the "grace period" or the priority period, the consequences of such exploitation for such parties should be no different from those arising from the exploitation of a variety that is in the public domain. This would not be the case, if the breeder could assert his right at a later stage, for instance in relation to the harvested material, with some kind of retroactive effect, putting bona fide buyers who have invested in the exploitation of the variety in a difficult situation.

9. It is to be underlined that the problem is not totally new: Germany, for instance, already provides for provisional protection conforming to Article 13 of the 1991 Act and for the "grace period"; a similar problem arises in the absence of those provisions in relation to the consequences of the steps taken, with a view to exploiting the variety, during the period of pendency of the application. The additional difficulty created by the 1991 Act stems from the extension of the scope of the breeder's right and the possibility of exercising the right at different stages, subject to the "cascading principle."

10. The Committee may wish to examine initially whether, at least for the majority of its members, this problem may be left entirely to case law, or whether it should be considered in more detail--possibly within a subgroup--with a view to elaborating either an agreed interpretation or model provisions. If the second approach were to be adopted, the Office of the Union would prepare, if necessary, a more detailed study after consultation of some experts.

11. It may already be noted that as a result of the chain of cross-references, provisional protection is subject to Articles 15 and 16--and, in particular, to exhaustion. It seems that exhaustion may come into play in relation to material whose sale or marketing took place before the (provisional or final) right arose and to material derived therefrom; the exceptions referred to in Article 16(1)(i) and (ii)--further propagation and exportation--might be interpreted in the sense that they would only apply after the emergence of the right (that interpretation is required in the case of exportation).

Effects of the Priority Right

12. Article 11(4) of the 1991 Act reads as follows:

> "(4) [Events occurring during the period] Events occurring within the period provided for in paragraph (1), such as the filing of another application or the publication or use of the variety that is the subject of the first application, shall not constitute a ground for rejecting the subsequent application. Such events shall also not give rise to any third-party right."

13. This provision was included in the 1961 Act in order to create a parallel with the Paris Convention for the Protection of Industrial Property, although the authors of that Act had recognized as from the beginning that "in view of the specific features of the breeder's right and in particular the notion of novelty [distinctness from any other commonly known variety] ... the question of priority does not arise in the same way as for the patent for invention" (Records of the 1957-1961 Conferences, page 36). That difference has been mentioned several times in the past; at the twenty-seventh session of the Committee (June 1990), the Delegation of Germany commented that paragraph (4) "did not clearly state the implications of priority" and proposed that the Convention should record "the fact that an application comprising a priority claim was to be examined as if it had been filed on the priority date" (see paragraph 61 of document CAJ/27/8).

14. The proposal was not examined, despite its relevance. On the other hand, the Office of the Union has been asked recently about the meaning and implications of priority by a firm of industrial property practitioners, and this question will be asked time and again in view of the increasing interest of patent lawyers in plant variety protection. The Office of the Union therefore suggests to consider the possibility of adopting an agreed interpretation of Article 11 to the effect that the implications of that Article are that:

(i) an application comprising a priority claim has to be examined as if it had been filed on the priority date;

(ii) the examination of the application may be deferred by two years under the conditions set out in paragraph (3) of that Article.

Transitional Application of the Provisions on Essentially Derived Varieties

15. This question has been raised in document CAJ/29/2 (paragraphs 22 and 23) and was shortly discussed at the thirtieth session of the Committee (see paragraphs 23 to 26 of document CAJ/30/6). The Committee agreed that the issue was not to be raised in the document submitted to the sixth Meeting with International Organizations and that it would be useful to have information on the solutions that would be adopted by the States for implementing the new provisions of the Convention.

16. The first question arising in this context is whether, in view of Article 40 of the 1991 Act ("This Convention shall not limit existing breeders' rights..."), member States may provide that a variety protected under the old law and falling within the definition set out in Article 14(5)(b) of the 1991 Act of an "essentially derived variety" will be "dependent" in the event that the initial variety is also protected under the old law, i.e., whether its exploitation will be subject to the authorization of the holder of the right in the initial variety.

17. In considering this question it should be noted that the word "limit" was preferred to "affect" in Article 40 with a view to opening up the possibility of extending to varieties protected under the old law the provisions of the 1991 Act that improve the protection accorded to varieties (see paragraphs 1429 to 1441 and 1690 to 1720 of the Summary Minutes of the 1991 Diplomatic Conference in the Records of the said Conference). It should be noted, however, that the provisions on essentially derived varieties (the extension of the benefits of improved protection to an existing protected variety may "limit" the freedom of action of the holder of rights in another such variety) were not referred to in that context.

18. The solution would seem to depend essentially on the national legal principles governing the transition from an old law to a new law--which apparently differ from country to country--and, within the limits of those principles, on policy considerations. A debate on the latter seems desirable with a view to advancing the matter collectively and, as far as possible, adopting a common approach.

19. At least, three solutions can be distinguished, of which two depend on the date on which the essentially derived variety "appears." Such dates include:

(i) the date of the initiation of the breeding of the variety (if the objective is to protect investment, although the new provisions were to be expected as from the beginning of the Committee's work on the revision of the Convention, so that investors have had sufficient time to adjust to the new circumstances);

(ii) the date of the first act of exploitation, in particular the first act that is relevant in the context of novelty;

(iii) the date of filing of an application for protection (possibly with a priority claim), or the date of granting of a breeder's right (these two events are not relevant in the case of varieties for which no application for protection is filed; the second depends, among other things, upon the speed of processing of the application);

(iv) the date of filing of an application for entry in a national list of varieties, or the date of such entry (these two events do not occur in the case of the species not subject to national listing; the second also depends on factors outside the control of the breeder).

One or more of these dates may be used in relation to any given variety; the first date would then be applicable if more than one are used.

20. The three possible solutions are as follows:

(i) Narrow solution.- The provisions of Article 14(5)(i) of the 1991 Act would only be applied to initial varieties protected after the date of entry into force of the new law and, consequently (at least in the vast majority of cases), in respect of essentially derived varieties created after that date.

(ii) Intermediate solution.- The provisions would also apply to initial varieties protected prior to the date of entry into force of the new law, but only in respect of essentially derived varieties that "appear" after that date. Essentially derived varieties "appearing" before that date would continue to be autonomous.

(iii) Broad solution.- The provisions would apply to all varieties, including essentially derived varieties that have "appeared" before the date of entry into force of the new law.

21. Those solutions call for the following comments:

(i) The narrow solution deprives breeders of initial varieties protected before the date of entry into force of the new law of the benefit of the provisions in relation to, in particular, essentially derived varieties that have not yet been created on that date. It therefore perpetuates the application of the former law to situations that have yet to arise.

(ii) The intermediate solution does not have any drawback of a legal nature: its effect is that the new law will govern the situation of varieties that "appear" after its entry into force.

(iii) The application of "dependency" in the framework of the broad solution to an essentially derived variety that has "appeared" before the entry into force of the new law changes the conditions under which that variety may be exploited:

(a) if it is not protected, it would leave the public domain to enter into the realm of the private property of the breeder of the initial variety;

(b) if it is protected, it will become the subject of a second right of prohibition.

22. The case referred to in subparagraph (a) above is not new: it arises in all countries which have provided for a transitional limitation of the requirement of novelty, and also when the breeder exploits his variety during the "grace period" or the priority period or, in the absence of provisional protection, during the period of pendency of his application. The case referred to in subparagraph (b) seems to raise problems in relation to acquired rights of third parties (it will in effect "limit" them), since the breeder of the initial variety may interfere in the execution of licence contracts relating to the essentially derived variety and concluded on the basis of the old law. According to the principles of law of certain countries, the effects of those contracts, even if they are deployed after the entry into force of the new law, should remain governed by the old law.

23. An extensive application of the new regime, if possible and considered desirable, will perhaps require corrective measures either in the law itself or through case law. Such measures might include: exemptions for existing contracts; progressive application of the new provisions to existing situations; recourse to compulsory licences (possibly cross-licences) or limitation of the "derived" right to an entitlement to equitable remuneration in the case at issue.

[End of document]