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**INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS**

GENEVA

**ADMINISTRATIVE AND LEGAL COMMITTEE**

**Thirty-third Session**

**Geneva, October 27, 1993**

**PRESERVATION OF EXISTING RIGHTS**

Document prepared by the Office of the Union

Introduction

1. This document contains an analysis of the scope of Article 40 of the 1991 Act of the Convention. It follows up a suggestion made by the Chairman of the Committee during the thirty-second session of the Committee who favored the examination of this question in the present session; the suggestion itself was in response to an intervention--based upon paragraphs 16 and 17 of document CAJ/31/4--concerning the effect of Article 40 on the available options for the transitional application of the provisions on essentially derived varieties.

The Legal Basis

2. Article 40 of the 1991 Act reads as follows:

"Article 40

"Preservation of Existing Rights

"This Convention shall not limit existing breeders' rights under the laws of Contracting Parties or by reason of any earlier Act or any agreement other than this Convention concluded between members of the Union."

3. The corresponding provision of the 1978 Act (and of the 1961 Act) reads as follows:

"Article 39"Preservation of Existing Rights

"This Convention shall not affect existing rights under the national laws of member States of the Union or under agreements concluded between such States."

4. In the Basic Proposal submitted to the Diplomatic Conference of 1991, the corresponding provision read as follows:

"Article 40"Preservation of Existing Rights

"This Convention shall not affect existing rights under the laws of Contracting Parties or by reason of any earlier Act or any agreement other than this Convention concluded between members of the Union."

This text had been previously proposed by the Office of the Union at the twenty-seventh session of the Committee (June 25 to 29, 1990). The changes when compared with the text of the 1978 Act had the simple objective of reflecting changes in the nature of contracting parties and in the relevant legal provisions.

5. The Diplomatic Conference replaced "shall not affect existing rights" by "shall not limit existing breeders' rights" after detailed discussion. Extracts from the summary minutes of the discussions are reproduced in Annex I to this document. These discussions can be summarized as follows:

(i) A narrow interpretation of the initial wording, particularly in its English version ("shall not affect existing rights"), would forbid any change in the nature of the breeders' rights granted under the ambit of the 1978 Act as a result of the coming into effect of the 1991 Act, particularly any strengthening of those rights.

(ii) The objective of the new wording ("shall not limit existing breeders' rights") was to avoid this narrow interpretation and to expressly open the way for breeders' rights granted on the basis of the 1978 Act to be brought up to par.

(iii) The new draft does not mandate that rights be brought up to par.

(iv) If the bringing into force of the 1991 Act at the national level results in a reduction in the rights granted to breeders, this reduction should not apply to breeders' rights which have already been granted.

6. The above summary represents both the letter and the spirit of the provision in question. One should, however, underline two points:

(i) The above-mentioned narrow interpretation would not be possible in relation to the French text ("ne saurait porter atteinte").

(ii) The principle expressed in (iv) above ought perhaps to be adjusted according to whether the reduction is imposed by the Act of 1991 or is simply permitted. It should be appreciated that a reduction which arises incidentally, in the course of the amendment of legislation so as to accord with the

Act of 1991, and which is not expressly imposed, can be considered to have come about independently from the 1991 Act. The--very comprehensive--national law governing the relationship between successive statutes would then regulate whether and to what extent existing rights are affected by the reduction.

#### The Practical Application

7. In the light of the differences between the 1978 and 1991 Acts and of the present content of national laws (subject, however, to an in-depth analysis in the case of essentially derived varieties, see below) cases of an imposed reduction in the quality of the breeder's right do not seem likely to arise; the modifications which States will introduce into their national legislation ought, in every case, go to strengthening these rights.

8. Article 40 of the 1991 Act would accordingly seem to find little practical application; the impact of the 1991 Act upon existing rights will be determined by any national law which regulates conflicts between laws. The law amending the existing law could either resolve any conflict or leave the task of defining the outcome in each individual case to the interested parties or to a judge on the basis of constitutional and legal principles. Certain States have already strengthened the breeders' rights and accordingly provide precedents.

#### The Case of Essentially Derived Varieties

9. The question which arises is as follows: if a State grants the whole of the benefit of the new provisions to the breeder of an initial variety protected under the former law, does it limit the breeder's right in relation to an essentially derived variety which was also protected under the former law? It has already been noted by the Committee that the breeder's right does not confer a positive right to do but only a right to forbid. The breeder's right in relation to an essentially derived variety would accordingly not be limited by the extension of the field of application of the breeder's right relating to the initial variety--or by the "dependence" which comes into existence a posteriori. (See paragraph 24 of document CAJ/30/6).

10. On the other hand, this dependence does change the conditions under which the essentially derived variety can be exploited. The situation has been analyzed in paragraphs 21 to 23 of document CAJ/31/4. The conclusion was as follows:

"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; the progressive application of the new provisions to existing situations; recourse to compulsory licences (possibly to cross-licences) or the limitation of the "derived" right to an entitlement to equitable remuneration in the case at issue."

11. It would seem from the declaration which ASSINSEL adopted at its General Assembly held in Nairobi (Kenya) on May 28, 1993, and which is reproduced as Annex II to this document, that ASSINSEL has concluded that the extensive application of the new regime, which would change the conditions under which certain existing varieties are exploited, is inappropriate.

[Two annexes follow]

## ANNEX I

**EXTRACTS FROM THE SUMMARY MINUTES OF THE  
PLENARY MEETINGS OF THE DIPLOMATIC CONFERENCE IN 1991**

1430. Mr. WHITMORE (New Zealand) recalled that the 1991 UPOV Convention would provide for improved breeders' rights. When Contracting Parties amended their laws to bring them in conformity with the new Convention, there was no reason for not improving existing rights correspondingly. If this was done, existing rights might well be "affected," but in a positive way. It was therefore preferable to say in the first part of Article 40 that: "This Convention shall not limit existing rights..."

...

1432. Mr. HEINEN (Germany) said that his Delegation wondered whether the proposal of the Delegation of New Zealand did not go beyond drafting. As far as the German text was concerned, that proposal clearly worsened the situation. In the present German version, that also corresponded to the present version of the Convention, it was clearly stated that other rights remained unaffected. That was the usual, repeatedly employed terminology in such situations.

...

1693.1 Mr. WHITMORE (New Zealand) stated that the proposal was a very simple one: it was to replace "affect" by "limit." This was more than a drafting proposal; it was a change of substance. The reason for the proposal was that when national laws were amended to conform with the new Convention, his Delegation wished to allow existing breeders' rights, as well as the new rights, to benefit from the improvements contained in the 1991 Convention.

1693.2 If one took a literal interpretation of the Basic Proposal for Article 40, the lawmaker would be prevented from reinforcing the existing breeders' rights. The 1991 Convention would for example provide for a longer duration of the breeder's right and the New Zealand authorities would want to expand existing rights accordingly. The Convention would provide for a wide scope of the breeder's right; and they would want existing rights to also have this extended scope. Should they decide to limit the "farmer's privilege," then the limited privilege should apply to existing rights as well as to new rights. Indeed, if this was not so, the situation would be somewhat confusing: with some rights the "farmer's privilege" would be absolute while for others it would be limited.

1693.3 Mr. Whitmore added that he appreciated that other countries may have different views and might feel it more appropriate to leave existing rights unchanged. It would be presumptuous for him to suggest that they should do otherwise. But the way the proposed amendment was worded was such that it would not prevent those countries from doing as they wished.

1693.4 Mr. Whitmore concluded his statement by suggesting another drafting amendment: before the word "existing" the word "breeders'" should be inserted. This would make it clear that the reference was to breeders' rights only and not for example to "farmers' rights."

...

1695.2 On the substance, however, the Delegation of Germany was of the opinion, which it had already expressed at the last vote, that it should be left to the national legislation in each case. Mr. Burr could indeed conceive of cases in which the national legislator would naturally decide that the new circumstances should also benefit breeders of varieties that had been protected under previous law and also other cases in which it could be decided, for whatever reason, that the new circumstances would only apply to varieties that would be protected after the entry into force of the amended law. That was why his Delegation continued to oppose the proposal made by the Delegation of New Zealand.

...

1699. Mr. BOGSCH (Secretary-General of UPOV) stated that the crucial point was that the Conference should be absolutely clear about the cases, if any, in which the new Convention would give lesser rights than the 1978 Act. The language: "shall not limit existing rights" would imply that the Convention limited rights. If the "farmer's privilege" was a limitation that was relevant to this Article, it would mean that Contracting Parties could not apply the "farmer's privilege" to existing rights. The proposal of the Delegation of New Zealand gave a rather bad flavor to this Convention; it gave the impression that the Convention had started to limit the rights when the intention was just the contrary.

[Annex II follows]

**ASSINSEL STATEMENT FOR THE QUESTION OF ENTRY INTO FORCE OF THE NEW CONCEPT OF ESSENTIAL DERIVATION (E.D.) OF ARTICLE 14 PARA.5 OF THE 1991 REVISED TEXT OF THE UPOV CONVENTION IN NATIONAL LAWS**

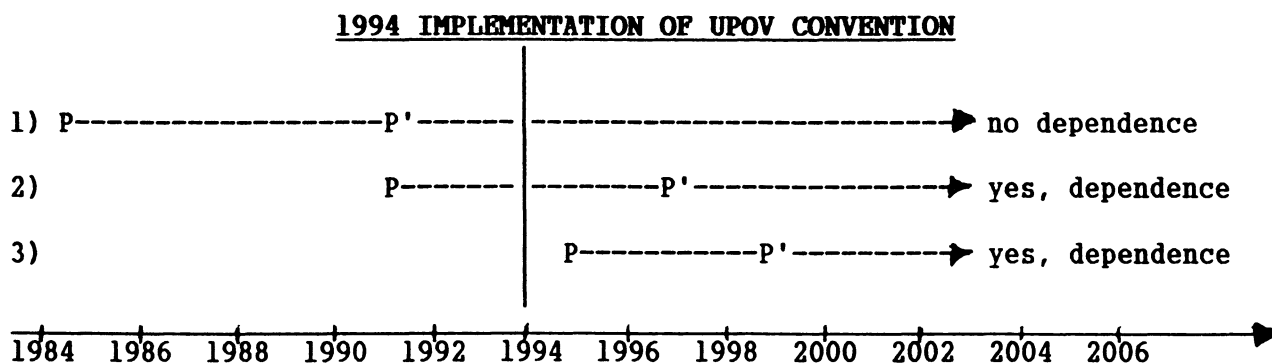
Adopted by the General Assembly of ASSINSEL in Nairobi, on May 28, 1993

After careful consideration of the economic, legal and technical aspects involved, the following is concluded:

In the case of national implementation of the 1991 Convention (see chapter IX of the 1991 revised text of the UPOV Convention) the new concept of E.D. should include the following:

1. All existing Plant Breeder's Rights (PBR) before implementation should be regarded as independent and should enjoy all the rights given by the revised Convention.
2. Nevertheless, only where such a protected plant variety is not itself an essentially derived variety (E.D.V.) should the holder enjoy the rights under article 14, par. 5 of the revised Convention.
3. All E.D.V. for which an application for PBR has been filed or acts mentioned in article 14, par. 1 of the revised Convention have been done first on or after the implementation date should be subject to the new concept of E.D. and dependency.
4. The date of filing an application for PBR should be decisive and not the date of granting PBR.
5. There should be no difference between the date of application and acts with the plant variety because at the date of application it can be imputed that acts have already been done with this variety (e.g. production of propagating material).

For elucidation purposes the following (possible) time diagram is annexed



P = original/initial variety (protection starts)

P' = from P essentially derived variety (application date or first acts)