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UPOV

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS

GENEVA

ADMINISTRATIVE AND LEGAL COMMITTEE
ADVISORY GROUP

Second Session
Geneva, October 26, 2007

COMMENTS RECEIVED CONCERNING
DRAFT EXPLANATORY NOTES UNDER THE UPOV CONVENTION

Document prepared by the Office of the Union

1. By UPOV Circular E-589 of September 28, 2007, the Administrative and Legal Committee (CAJ) was informed that the documents for the second session of the Administrative and Legal Committee Advisory Group (CAJ-AG) had been posted on the first restricted area of the UPOV website. Members and observers of the CAJ were invited to provide comments before October 19, 2007. Annexes I to III contain a compilation of comments received on Draft Explanatory Notes on harvested material under the UPOV Convention (UPOV/EXN/HRV Draft 1), Essentially derived varieties under the UPOV Convention (UPOV/EXN/EDV Draft 1) and Exceptions to the breeder's right under the UPOV Convention (UPOV/EXN/EXC Draft 1), respectively.

2. By UPOV Circular E-570 of September 17, 2007, CAJ members and observers were informed that document "Explanatory Notes on Novelty under the UPOV Convention" (UPOV/EXN/NOV Draft 1), had been posted on the first restricted area of the UPOV website. The CAJ members and observers were invited to provide comments on document CAJ/EXN/NOV Draft 1 before October 12, 2007. The CAJ was also informed that, if necessary, in order to address unexpected concerns received when document UPOV/EXN/NOV Draft 1 was circulated for comments, the advice of the CAJ-AG would be sought at the second session on October 26, 2007 (see paragraphs 2 and 4 of document CAJ/56/4). Annex IV to this document contains a compilation of comments received on

document UPOV/EXN/NOV Draft 1 “Explanatory notes on novelty under the UPOV Convention”.

3. In order to consider comments in Annex IV to this document, the agenda item “Explanatory notes on novelty under the UPOV Convention” has been added in the revised draft agenda of the CAJ-AG (CAJ-AG/07/2/1 Rev. 2).

4. The CAJ-AG is invited to consider the comments contained in the Annexes to this document.

[Annexes follow]

ANNEX I

EXPLANATORY NOTES ON ACTS IN RESPECT OF HARVESTED MATERIAL UNDER THE UPOV CONVENTION (Document UPOV/EXN/HRV Draft 1)

Comments received from the International Community of Breeders of Asexually Reproduced Ornamental and Fruit-Tree Varieties (CIOPORA) (October 19, 2007)

CIOPORA is pleased to submit the following first comments and proposals to the UPOV document UPOV/EXN/HRV Draft 1.

1. General comments:

The current discussion on Article 14 (2) of the UPOV 1991 Act shows that the scope of protection provided for by the UPOV 1991 Act is still not effective for asexually reproduced ornamental and fruit varieties.

Although nearly all participants to the 1991 Diplomatic Conference ensured that the UPOV 1991 Act should strengthen the right of the breeders, the scope of protection has not been improved sufficiently, especially not for asexually reproduced ornamental and fruit varieties: For many species in this field, in particular for nearly all cut-flower and fruit species, the added value is represented by the harvested material, i.e. the cut-flowers and fruit, and not by the propagating material. However, instead of defining the right of the breeder on a new product, i.e. the new variety, the UPOV 1991 Act continued with the wrong approach of the previous Acts and defined the scope of the breeders´ right around the "reproductive organs" of the variety, i.e. the "reproductive or vegetative propagating material" of the variety.

As a consequence, the – necessary – extension of protection to the harvested material has been embodied very weak as it has been put under the reservation that the harvested material must be obtained through the *unauthorised use of propagating material of the protected variety* and the *breeder had no reasonable opportunity to exercise his right in relation to said propagating material*.

Besides the weak embodiment of the scope of protection, the language of Article 14 (2) of the UPOV 1991 Act is not clear, in particular gives no definition on what a "reasonable opportunity" consists of. Additionally, and many delegates at the Diplomatic Conference already warned of this, there is a significant risk that due to national laws and jurisprudence on the burden of proof the title-holders have no chance to enforce their rights effectively on the level of the harvested material.

It is task of the CAJ-AG to clarify the content of Article 14 (2) UPOV 1991 Act and ensure that the protection of the harvested material does not only exists on paper but can be enforced effectively by the title-holders.

2. Comments to UPOV/EXN/HRV Draft 1

2.1 On page 4 under point 4 the second sentence reads: *Thus, for example, a breeder may authorize the propagation of his variety ….* Instead of the referring to "propagation" the sentence should refer to the *production or reproduction*, as these terms are used in Article 14(1) (a) (i).

2.2 Further on in this chapter it reads:

> This example is provided in order to distinguish … and the requirement for the breeders´ *authorization in respect of harvested material* obtained through the unauthorized use …

This sentence is confusing, as an "*authorization in respect of harvested material"* is not required in the course of Article 14 (2). According to the wording of Article 14 (2) an authorisation is required in respect to the propagating material of the protected variety.

2.3 On page 7 under point 7 it reads … but where no such authorization was not obtained. One negation should be deleted.

2.4 The explanations on page 7 under point 8 are not clear. The sentence "*Nevertheless, the breeders´ right requires authorization for certain acts which concern other territories, for example exporting or importing of propagating material*" is confusing as in both cases – export and import – the rights of the title-holders are based on the protection title in the territory from which the material shall be exported or into which it shall be imported. No authorization is needed for export from a country and for import into a country where no protection exists.

The last sentence under point 8 is also confusing. There is no explanation for this case in Section 1 and it is difficult to construct a case where the authorization for the use of propagation material of a protected variety (in a given territory) can be linked with acts with the harvested material in a country where no protection exists.

2.5 CIOPORA agrees to the explanations given on page 8 in respect to the "reasonable opportunity to exercise his right". In no case a breeder is obliged to protect his varieties in all countries worldwide in order to be able to make use of Article 14 (2).

2.6 It might be helpful to link the matter of "authorization" with the matter of "exhaustion". As long as the title-holder has not given his authorisation to a special use of the propagation material (such as export to another territory) there is no exhaustion of the right and each use of the propagating material and of any material (in the meaning of Article 16 (2)) is unauthorised.

2.7 The document should contain explanations to the burden of proof in cases regarding Article 14 (2).

The questions regarding "Acts in respect of harvested material" are of major importance for breeders of asexually reproduced ornamental and fruit varieties. Therefore, in order to give a final opinion to the documents drafted by the CAJ-AG, CIOPORA would be pleased to receive an invitation to one of the next meetings about this matter in the CAJ-AG.

CIOPORA is looking forward to further discussions on this topic and shall continue to contribute to such discussions.

Comments received from the International Seed Federation (ISF) (October 12, 2007)

Page 4 and 5: point 4
It says here:
"Thus, for example, a breeder may authorize the propagation of his variety on the condition that a remuneration is paid on the basis of the value of the harvested product (or products made directly from harvested material of the variety"

We wonder why the wording "authorize the propagation" is being used instead of "authorize the production or reproduction". Because the term "propagation" seems to be used in different meanings we believe this can create confusion. "production or reproduction" are the acts that are determined in the UPOV Convention and would be best to use. ISF asks the UPOV office to clarify the difference between 'propagation' and 'production and reproduction'.

Page 7: point 7 and 8
First a grammatical error caused by a double denial:
".....where **no** such authorization was **not** obtained".
One of the two should be removed.

Second we are worried about the interpretation that is chosen for "unauthorized use". UPOV chooses for the explanation: use for which no consent has been given that was necessary on the basis of a plant variety right. ISF however, is of the opinion that the following explanation has to be used: use for which the plant variety right holder has never given his explicit consent/permission.

The interpretation of UPOV means that harvested material that is being imported can in principle only be stopped if it is coming from a country where one possesses a plant variety right. ISF is of the opinion that this explanation undermines the whole article 14 sub 2. This article is especially of importance to be able to act against import of harvested material from countries where no plant variety protection system is in place. We believe this was one of the main reasons to introduce article 14 sub 2 in the first place.

Further, ISF is of the opinion that it cannot be expected from a breeder that he applies for plant variety protection in all countries where protection is possible in order to be able to act against import of harvested material into the territory in which the breeder is active and has a valid Plant Variety Rights on that variety. And even if the breeder would wish to do so it will not always be possible. For example in the case in which a country extends its list of protectable species without providing a temporary provision for existing varieties. This means existing varieties of the newly protectable species are not protectable for they are not new. When we look at page 8 point 10 it turns out that even UPOV does not expect breeders to apply for plant variety protection in all UPOV member states. However, taking into account the limited scope of the definition of "unauthorized use" that is provided for in this explanatory note, the breeder is in fact obliged to do so in order to be able to enforce his rights well.

We herewith refer to the ISF position paper "Implementation of Article 142) and 14(3) of UPOV 1991 in relation to the phrase 'reasonable opportunity'" which has been attached to document CAJ-AG/07/2/3.

UPOV makes an attempt to come up with a solution for the limited scope of "unauthorized use" by pointing out the situation in which export of the propagating material was already "unauthorized". However, this solution means an enormous increase of the burden of proof for the breeder at the moment he tries to stop the import of harvested material at a border. This is because the breeder shall have to proof that the propagating material that was used to produce the harvested material was obtained without authorisation. This will be very hard to prove, especially because one needs to be able to act quickly in such a situation.

Page 9: example 3
It should be clear that the breeder can exercise his right in each country, e.g. country X, where the variety is protected and the grain is imported. In other words that the illegal import is not restricted to country Y, because:
- There is use of unauthorized material in country Z or unauthorized use of material
- The breeder had no reasonable opportunity to exercise his Right in country X.

Conclusion:
For plant variety right holders it is of utmost importance that the definition of "unauthorised use" is explained in a much broader way then is done by UPOV in this explanatory note.

[Annex II follows]

ANNEX II

EXPLANATORY NOTES ON ESSENTIALLY DERIVED VARIETIES UNDER THE UPOV CONVENTION
(Document UPOV/EXN/EDV Draft 1)

Comments received from the International Community of Breeders of Asexually Reproduced Ornamental and Fruit-Tree Varieties (CIOPORA) (October 19, 2007)

Due to ongoing internal discussions about the interpretation of Article 14 (5) (a) (i), (b) and (c) (Essentially Derived Varieties) CIOPORA has not been able to contribute to the discussion about EDV in the UPOV CAJ-AG yet.

However, already now it can be concluded from the discussions in CIOPORA that the interpretation of the EDV-concept by CIOPORA will differ in some aspects significantly from the respective interpretation of the International Seed Federation (ISF) and the International Association of Horticultural Producers (AIPH).

Against the background that the breeders of asexually reproduced ornamental and fruit varieties hold ca. 70% of the Plant Breeders´ Rights title worldwide (in some countries up to 85%) and the fact that the biggest group of potential EDV, i.e. mutants, mostly occur in asexually reproduced ornamental and fruit varieties, it seems inappropriate to discuss this important matter without the representatives of this group of breeders.

CIOPORA therefore suggests to postpone the discussion about EDV in the CAJ-AG until CIOPORA has contributed to it. There is no urgent need to rush through that matter; rather the contribution of the biggest group of users of the UPOV system should be included.

Comments received from the International Seed Federation (ISF) (October 12, 2007)

Page 11 point 15
ISF is of the opinion that the following is meant: if the concept of EDV is introduced in a country on for example the first of January 2008, all EDV's that were commonly known before this date will not become dependent on the original variety from a legal point of view. All EDV whose existence becomes a matter of common knowledge after the first of January 2008 shall be seen as real EDV's. A variety will not only become an object of common knowledge by means of marketing the variety. This can also be the result of an application for plant variety protection or for official variety listing (from the date of application under the condition that the application will be acknowledged). In that case also parental lines which have been applied for either system, can be regarded as the subject of common knowledge even though they are not commercialised.

We herewith refer to the ISF position paper on 'Essential derivation from a not-yet protected Variety and Dependency' which has been attached to document CAJ-AG/07/2/4.

[Annex III follows]

ANNEX III

EXPLANATORY NOTES ON EXCEPTIONS TO THE BREEDER'S RIGHT
UNDER THE UPOV CONVENTION
(Document UPOV/EXN/EXC Draft 1)

Comments received from the International Community of Breeders of Asexually Reproduced Ornamental and Fruit-Tree Varieties (CIOPORA) (October 19, 2007)

1. General comments:

Against the background that in the recent past no consensus among the UPOV members could be found for an explanatory note on the optional exception of Article 15 (2) of the UPOV 1991 Act (see UPOV document CAJ/52/5, page 2, points 8 and 9) it might be advisable to separate the discussions and documents to the compulsory exceptions according to Article 15 (1) on the one hand and the optional exception according to Article 15 (2) on the other hand.

2. Comments to UPOV/EXN/EXC Draft 1

2.1 On page 9 under point 16 we would prefer to have the text included already in UPOV document CAJ/50/3 number 13:

> 13. This wording clarifies that the farmer's privilege is restricted to those crops where the product of the harvest is used for propagating purposes, a typical example being small-grained cereals where the harvested grain can equally be used as seed i.e. propagating material. The wording also indicates that it is not the intention to introduce a farmer's privilege for crops where the harvested material is not used for propagating material (e.g. fruit, cut-flowers etc.). Taken together with the recommendation of the Diplomatic Conference (see (a) above), this means that the farmer's privilege should be considered only where it has been common practice for the product of the harvest to be used for propagating purposes.

This wording gives a much clearer description of what is the spirit of Article 15 (2) than the new wording under point 16 in this document.

2.2 On page 10 under points 17 – 19 it must be clarified that the safeguarding of the legitimate interests of the breeder does not allow at all the application of the so called *farmers´ privilege* to asexually reproduced ornamental and fruit varieties.

CIOPORA points out that the so called *farmers´ privilege* has been admitted by UPOV under strictly limited conditions only for seed species grown by farmers and not in the horticultural sector, in which such a privilege is not common practice (see point 13 of this paper).

Applying the so called *farmers´ privilege* to asexually reproduced ornamental and fruit varieties would make the whole protection for these varieties worthless. It would lead to a situation where a grower could buy a few plants of a cut rose or apple variety and could use them and propagate as many new plants as he wanted on his own holdings with a view to selling cut flowers or fruit for several years.

Thus, such interpretation of Article 15 (2) would not only be contrary to the spirit of the UPOV 1991 Convention and the TRIPS Agreement but – which is most important for the success of any Plant Breeders´ Rights law – would prevent breeders to bring new varieties to the respective country as they feel a total lack of protection for their varieties.

It would be negligent by UPOV not to make it clear to all current and future members that the so called farmers´ privilege is not applicable to asexually reproduced ornamental and fruit varieties.

CIOPORA is looking forward to further discussions on this topic and shall continue to contribute to such discussions.

Comments received from the International Seed Federation (ISF) (October 12, 2007)

Page 9 point 16
The explanation that is being given in regard to the recommendation is too weak. It is stated that a farmer's privilege for agriculture, fruits, ornamentals and vegetables is only then considered inappropriate if this was not already common practice.

UPOV however does give a second consideration to limit the farmers' privilege to certain crops: in the first sentence of point 16 UPOV states:
"selected crops where the product of the harvest is used for propagating purposes, for example small-grained cereals...".
We are of the opinion that the explicit recommendation/ conclusion should be added that this is certainly not the case with ornamentals, vegetables and fruits.

Page 11
An extra point should be added as another example that can be used to establish reasonable limits and to safeguard the legitimate interests of the breeder, which is the payment of royalties.

Page 12 point 23
ISF urges that the last sentence in the deleted part should be kept. Especially the exchange of farm saved seed among members of a cooperative should be given as an example of what is not possible under the farmer's privilege. The farmer's privilege is definitely not intended to provide for the possibility of professional seed production.

[Annex IV follows]

ANNEX IV

EXPLANATORY NOTES ON NOVELTY UNDER THE UPOV CONVENTION
(Document UPOV/EXN/NOV Draft 1)

Comments received from Mr. Marcelo Labarta, *Director de Registro de Variedades, Instituto Nacional de Semillas* (INASE), Argentina (September 18, 2007)

Original received in Spanish (available upon request).

In general terms, this is a very clear document prepared by the Office.

In relation to SECTION II, and specifically the reference to paragraph 13, in the case of Argentina our application forms for entry of a variety in the National Register of Ownership of Cultivars require the following information:

Date and place of first marketing of the variety abroad (dd/mm/yy)

The breeder and/or his authorized Representative must declare this date and, on that basis, our Office applies the considerations referred to in the 1978 Act, in relation to the offering for sale and/or marketing for longer than six years or longer than four years, according to the case and for varieties of foreign origin.

In the case of varieties of national origin, our legislation states that "up to the date of filing of the application for entry in the National Register of Ownership of Cultivars, it shall not have been offered for sale or marketed by the breeder or with his consent".

Comments received from Mr. Toru Semba, Plant Variety Protection and Seed Division, Ministry of Agriculture, Forestry and Fisheries (MAFF), Japan (October 12, 2007)

(b) Material of the variety

We agree that the extension of the *de facto* protection for hybrid should be avoided. On the other hand, it seems that it is rather beyond the assumption of the Article 6(1) to regard the hybrid seed as "harvested material" of the parent lines. In fact the PVP Act in Japan dose not allow such interpretation because the hybrid is the variety created by cross breeding and is different variety from the parents varieties.

(c) *Sale or otherwise disposal of to others, by or with the consent of the breeder, for purpose of exploitation of the variety (offering for sale and marketing, with the agreement of the breeder)*

- Regarding (iv), clarification for "the transfer of the rights in the variety" is needed if it intends the successor or not. If it is so, the sentence is acceptable.

- Regarding (viii), even though the material is without variety identification for the purposes of consumption, the sale or disposal to others of a by-product or a surplus product can be the act to distribute the variety in the form of which can be used as propagating material and spread to the market. Therefore, it should be result in the lost of the novelty.

Comments received from Mr. Chris van Winden, Ministry of Agriculture, Nature and Food Quality, Netherlands (October 11, 2007)

The Netherlands wish to make 2 comments on the draft Explanatory Note on Novelty:

1. Concerning propagating or harvested material of the variety, we don't agree with the view that harvested material of a variety is the same as harvested material of parent lines. Therefore the sale or otherwise disposal of hybrid seed to others has no relation with the novelty of the parent lines of the hybrid. When this could result in unwanted effects on the de facto protection of the hybrid variety, then other solutions should be investigated to solve this problem.

2. Point 6 of the Explanatory Note should be extended with the following item (see also Council Regulation EC/2100/94, article 10-3, second paragraph): No accounts shall be taken of any disposal to others, if it either was due to, or in consequence of the fact that the breeder had displayed the variety at an official or officially recognized exhibition within the meaning of the Convention of International Exhibitions, or at an exhibition in a Member State which was officially recognized as equivalent by that Member State.

Comments received from Mr. Chris Barnaby, Assistant Commissioner of Plant Variety Rights / Examiner, Plant Variety Rights Office (PVRO) (New Zealand) (September 19, 2007)

Some breeders here are running into problems and misunderstandings with their propagation contracts with tissue culture labs […] with respect to disposal and ownership of the plants produced. Some labs, to increase returns on the contract, insist on being able to sell a portion of the propagated plants and this of course starts the clock ticking for the breeder, often earlier than intended.

Comments received from Mr. Chris Barnaby (October 9, 2007)

Exporting of plant material is an important activity for New Zealand and the NZ office has been queried on several occasions about the impact of trial export shipments on novelty in NZ and in the destination state. For new cut varieties, it is standard practice to sell a small number of stems in the overseas auction to test the market. These are sales with the intention to exploit the variety, but the exporter has the view that they are for test purposes only and part of trial marketing. These sales may be considered with respect to novelty because there is no doubt that the variety is sold, but in the view of the exporter, not in a standard commercial manner. As these sales are usually through the auction system, there is generally no purchase agreement or contract with the buyer. The above situation could possibly fall under vi d and if so, could be an example to include?

Comments received from Mr. Yuri Rogovskiy, Deputy Chairman, State Commission, Russian Federation (October 11, 2007)

Having familiarized with the Draft text we consider that in general these Explanatory Notes answer the purpose to clarify the UPOV Convention provisions concerning novelty of varieties and, two remarks referred below have a recommendation character:

1. We think it would be more appropriate to write the last sentence in point 7 in the following edition: "The longer period for trees and vines takes into consideration the slower growth and low coefficient of multiplication for these types of plants".

2. In our opinion, the scheme in point 11 has not any working load. Probably, to read it, it is necessary to present a full description of those six cases, but then it would be too bulky…

Comments received from the International Seed Federation (ISF) (October 11, 2007)

With reference to paragraph 5 on page 4, ISF wishes to reiterate that hybrid seed cannot be seen as harvested material of parental lines and therefore we can not agree on the position that commercialization of the hybrid damages the novelty of a parental line.

ISF considers the interpretation that is taken by some UPOV members as not correct:

- Obviously it is not valid for the male parent.
- It is not valid either for the line used as the female parent of the hybrid as, if we plant the product harvested on the female parental line, the progeny will not be the female parental line itself. That means that the interpretation considering that the hybrid variety represents the harvested material of the parental lines is not consistent with the UPOV definition of a variety, considered as a unit with regard to its suitability to be propagated unchanged.

Of course parental lines have to fulfill the normal novelty criteria as do any other varieties: they have not been sold or otherwise disposed of to others, by or with the consent of the breeder, for purposes of exploitation of the variety.

The argument that the result of this is that a hybrid may be effectively protected for a longer period should be solved in a different manner.

Also we would like to comment on the exceptions regarding novelty that are given at 6. on page 7/8. We think an exception should be added about the presentation of a variety on an official or officially acknowledged exhibition, as is done explicitly in EU Regulation 2100/94 article 10 sub 3.

We propose to add the following bullet point:

"(ix) display of the variety at an official or officially recognized exhibition within the meaning of the Convention on International Exhibitions, or at an exhibition in a Member State which was officially recognized as equivalent by that Member State."

[End of Annex IV and of document]