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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

ADDENDUM

COMMENTS RECEIVED CONCERNING
DRAFT EXPLANATORY NOTES UNDER THE UPOV CONVENTION

Document prepared by the Office of the Union

On October 25, 2007, the Office of the Union received comments from the International Association of Horticultural Producers (AIPH) and Mr. Huib Ghijsen on Draft Explanatory Notes on Harvested Material under the UPOV Convention (UPOV/EXN/HRV Draft 1). Those comments, which were distributed at the second session of the Administrative and Legal Committee Advisory Group (CAJ-AG) on October 26, 2007, are reproduced in Annexes I and II to this document, respectively.

[Annexes follows]

ANNEX I

COMMENTS RECEIVED FROM THE INTERNATIONAL ASSOCIATION OF HORTICULTURAL PRODUCERS (AIPH)

The International Association of Horticultural Producers (AIPH) is honoured to contribute herewith the enclosed comments concerning Explanatory notes on acts in respect of harvested material under the UPOV convention.

The AIPH does agree with the explanation in this draft in respect to the principle of the 'unless clause' in art 14 (2) of the 1991 Act of the UPOV convention. However, the way in which the principle 'unauthorized use' is explained, does neglect the meaning of the whole article 14 (2).

UPOV explains the principle 'unauthorized use' as: the use of propagating material that requires the authorization of the breeder, but where no such authorization was obtained. From a juridical point of view, however, one could say that 'unauthorized use' means the use of propagating material for which the breeder has explicit not given his authorization. The reason for this is that it is important in this respect if the PBR holder has already been able to receive his royalties on an earlier stage. If he has been able to do so, the breeders right has been exhausted. AIPH get the impression that the UPOV explanation is not correct on this point where it says (on page 7 of the draft): 'Thus, unauthorized acts can only occur in the territory of the member of the union where the breeder's right has been granted and is in force.' AIPH's argument for the incorrectness of this explanation is that it is not the question if the PBR holder has had his opportunity to authorize the use of the material, yes or no. In other words: if there has been no authorization (no royalties have been paid), there will still be no authorization on the moment of import in territories where the right is in force, irrespective from the fact authorization was obliged on the moment of using the material to grow plants (harvested material) from it.

To emphasize her opinion AIPH refers to the attachment concerning the Developing History of Article 14 sub 2 UPOV'91. From this information one could conclude that the only reason to limit the right of the PBR holder was to avoid the situation the PBR holder could gain his royalties twice or that the PBR holder would refrain from collecting his royalties in the stage of propagating material despite the fact that he was really able to do so.

The current UPOV opinion means that the PBR holder could only act in respect to harvested material when it is imported from countries where the PBR holder has his right in force. AIPH is of the opinion that this is not the intention and the scope of article 14 (2). On the contrary, art 14 (2) creates the possibility for the PBR holder to act against import from countries where no PBR law exists. From the records of the Diplomatic Conference to prepare the 1991 Convention one could conclude that the foresaid possibility has just been the reason to introduce art 14 (2).

In paragraph 1569 Mr. Strauss (AIPPI) mentioned:
"the most likely case in which article 14 (1) (c) would apply was that of the importation of products from countries where there were no plant breeder's rights."
This conclusion is not rejected by anyone of the attendances.

Besides we can not expect from the PBR holders that they deposit their PBR rights in all the countries worldwide where a PB law system does exist (to avoid import form harvested material in to his (protected) market territory). That even UPOV itself does not expect from the breeders to protect their PB rights in all the possible countries world wide, is made clear in the draft on page 8, sub point 10. However by the given narrow explanation of the principle 'unauthorized use' the breeders are in fact forced to do so.

Paragraph 953 of the records of the Diplomatic Conference 1991 gives the opinion of Mr. Burr (Germany):
"However, where the breeder had not authorized sale and propagating material had nevertheless been sold and had been sown, for instance by the breaking of a licence agreement, then that was a case of harvested material that had been produced by unauthorized use.

It's true UPOV gives a solution for the consequences of the limited explanation of 'unauthorized use' by referring to the situation in which the export to a country already happened 'unauthorized'. But this means that it becomes a more difficult burden of prove for the breeder on the moment he tries to act against imported harvested material which is produced without his authorization, as he has in that case to prove as well that the propagating material is illegally obtained by the grower. To prove this won't be easy at all, especially not in the circumstances that has to be acted very quickly because of the trade in products which go bad rather soon.

Developing History of Article 14 sub 2 UPOV'91

IOM/IV/2 "Revision of the Convention"
Fourth meeting with international organisations, October 9 and 10, 1989

> **Art. 2 (iv)**
> "material" shall mean:
> -reproductive or vegetative propagating material
> -…
> -harvested material
> -…
>
> **Art. 5 (1)**
> A right granted in accordance with the provisions of this Convention shall confer on its owner the right to prevent all persons not having his consent:
> **(ii)** from offering for sale, putting on the market, exporting or using material of the variety

CAJ/XXV/2 "Report"
25th session of the CAJ, October 11 to 13, 1989

Proposal by the delegation of Germany:

> **Art. 17 (1)**
> Subject to the provisions of paragraph 4
> [the breeders right shall confer on its owner the right to …]

Art. 17 (4)
When the owner of a breeder's right is not able to exercise his right in relation to reproductive or propagating material, including parts of plants which can be regenerated into complete plants, he can exercise his right in relation to the harvested product of the variety.
When he is unable to exercise his right his right in relation to reproductive or propagating material, including parts of plants which can be regenerated into whole plants, or in relation to the harvested product of the variety, he can exercise his right in relation to products directly obtained from harvested material.

Page 12, point 76
The delegations of Denmark and the Federal Republic of Germany emphasized that the proposal was intended merely to set forth the same rights in a different form. The delegation of the Federal Republic of Germany pointed out that the aim was to spell out clearly that the owner of the right could exercise it once only and receive a royalty once only, and that he should do so at the earliest possible stage. In its opinion, there had never been any question of leaving the choice of the stage to the owner; if the text proposed in document IOM/IV/2 conveyed that impression it was in imperative need of amendment.

CAJ/26/1 "Draft summary report"
26th session of the CAJ, April 23 to 26, 1990

Page 7 point 52.
(…) Several delegations indicated their wish to have (the German) alternative 2 transformed into an explanatory note on the practical operation of the principle of exhaustion.

CAJ/27/2 "Revision of the Convention: Draft substantive law provisions"
27th session of the CAJ, June 25 to 29, 1990

Article 14 (1)
(A)
The breeder's right shall confer on its owner the right to prevent all persons ot having his consent
(i) from reproducing or propagating…
(ii) from offering for sale, putting on the market or using material of the variety
(iii) from exporting material of the variety
(iv) from importing or stocking <u>material</u> of the material for any of the aforementioned purposes
[(b) Each contracting party may extend the scope of protection of the PBR in respect of any variety to the product directly obtained from harvested material.]

CAJ/27/8 "Draft report"
27th session of the CAJ, June 25 to 29, 1990

Page 10 point 70.
The main difficulties referred to concerned:
(i) the fact, according to certain delegations, that the text did not clearly show that the breeder had to "exercise his rights" and to collect his royalty at the first stage of exploitation that was feasible; those delegations would like a "hierarchy" of rights.
(ii) …
(iii) …

(iv) The fact that a right extending to export and import could have consequences for non-member States and that those two acts were not among those normally affected by a patent.

Page 10 point 71.
…, the Office of the Union then submitted a further proposal drafted as follows:

Art. 14

(1) Subject to par. 3 and 4, the following acts shall require the authorization of the breeder:
(a) in respect of propagating material……
(b) in respect of harvested material of the protected variety, any of the acts referred to in (a) above, provided that the harvested material was obtained through the use of propagating material whose use, for the purpose of obtaining harvested material, was not authorized by the breeder;
(c) in respect of products directly obtained from harvested material….

Page 11 point 74.
Several delegations observed that the wording proposed by the Office of the Union now spoke of "authorization" whereas the draft was based on the notion of "consent". It was noted that the intention was not to modify the text in substance. Certain members of the Committee considered that the word "authorization" -given in the present text of the Convention- could have a more formal connotation and, for example, exclude implicit consent; others felt that the two notions could be used indifferently. The representative of the EC drew attention to the link with "farmer's privilege" under which no authorization or consent was required for acts of production and subsequent acts of exploitation. The delegation of France drew attention to the fact that, under patent law, those problems had sometimes been avoided by a reference to the lawfulness of the product involved.

CAJ 28th session

New draft to be submitted to the Diplomatic Conference of 1991 as the "Basic Proposal"

Art. 14

(1) Subject to Articles 15 and 16, the following acts shall require the authorization of the breeder:
(a) in respect of propagating material……
(b) in respect of the harvested material of the protected variety, any of the acts referred to in a, above, provided that the harvested material was obtained through the use of propagating material whose use, for the purpose of obtaining harvested material, was not authorized by the breeder; [and if but only if, the breeder has had no legal possibility of exercising his right in relation to the propagating material]
(c) in respect of products made directly from harvested material….

ANNEX II

COMMENTS RECEIVED FROM MR. HUIB GHIJSEN,
IP MANAGER, BAYER BIOSCIENCE N.V., BELGIUM

I learned that it was still possible until tonight to provide comments on the AG papers.

In the paper CAJ-AG/07/2/3, Annex, page 8, Relation to article 16 (Exhaustion of the Breeder's Right), the following comment is made by Mr. Fikkert:

> "One may say that, when studying the question whether in situation 2 the extension to the harvested product is in force, one should take into account the provision of article 16, section 1 in particular.
>
> "According to article 16 the breeder's right shall not be exhausted with respect to acts (concerning any material of the protected variety)
>
> "i. involving further propagation of the variety in question or
> "ii. involving an export of material of the variety, which enables the propagation of the variety, into a country which does not protect varieties of the plant species to which the variety belongs (except when the exported material is for final consumption).
>
> "Is the condition under subsection i. applicable in the case the variety, after export of material, is propagated in a territory where no PBR is in force? The answer seems to be 'NO', since propagation after export is dealt with in subsection ii."

In my opinion art 16.1.i is not emptied by paragraph (ii). Reproduction requires always the authorization of the breeder and cannot be exhausted by a mere sale without conditions - provided article 14.2 has been fulfilled. Moreover between (i) and (ii) is an "or", so it is parallel, either way.

So the propagation in any country is unauthorized, also in countries where no PBR is provided for the particular crop and the breeder can act on the imported harvested material in the country where the variety is protected if he had also no reasonable opportunity to excercise his rights.

I hope this comment can be used.

[End of Annex II and of document]