



INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
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**EXPLANATORY NOTES ON
EXCEPTIONS TO THE BREEDER'S RIGHT
UNDER THE UPOV CONVENTION**

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to be considered by the Administrative and Legal Committee Advisory Group
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EXPLANATORY NOTES ON EXCEPTIONS TO THE BREEDER'S RIGHT
UNDER THE UPOV CONVENTION

PREAMBLE

1. The purpose of these Explanatory Notes is to provide guidance on “Exceptions to the Breeder’s Right” under the International Convention for the Protection of New Varieties of Plants (UPOV Convention). The only binding obligations on members of the Union are those contained in the text of the UPOV Convention itself, and these Explanatory Notes must not be interpreted in a way that is inconsistent with the relevant Act for the member of the Union concerned.

2. Section I of these Explanatory Notes provides guidance on the provisions for the compulsory exceptions to the breeder’s right provided in Article 15 (1) of the 1991 Act of the UPOV Convention, and in Article 5 (3) of the 1978 Act of the UPOV Convention. Section II provides guidance on the optional exception (the “farmer’s privilege”) provided in Article 15 (2) of the 1991 Act of the UPOV Convention.

Note for Draft version

Footnotes will be retained in published document

Endnotes are background information for the CAJ-AG when considering this draft and will not appear in the final, published document

Highlighted text: new text added to originally text agreed by the CAJ (see endnotes)

Underlined and strikethrough text: changes in the text following comments made by the CAJ (see endnotes)

SECTION I: COMPULSORY EXCEPTIONS TO THE BREEDER'S RIGHT

(a) *Relevant articles of the UPOV Convention*

1991 Act of the UPOV Convention

Article 15

Exceptions to the Breeder's Right

- (1) [*Compulsory exceptions*] The breeder's right shall not extend to
- (i) acts done privately and for non-commercial purposes,
 - (ii) acts done for experimental purposes and
 - (iii) acts done for the purpose of breeding other varieties, and, except where the provisions of Article 14(5) apply, acts referred to in Article 14(1) to (4) in respect of such other varieties.

[.....]

1978 Act of the UPOV Convention

Article 5

Rights Protected; Scope of Protection

[.....]

- (3) Authorisation by the breeder shall not be required either for the utilisation of the variety as an initial source of variation for the purpose of creating other varieties or for the marketing of such varieties. Such authorisation shall be required, however, when the repeated use of the variety is necessary for the commercial production of another variety.

[.....]

3. Article 15 (1) of the 1991 Act of the UPOV Convention and Article 5 (3) of the 1978 Act of the UPOV Convention provide for "compulsory" exceptions to the plant breeder's right. References to relevant articles in subsection (b), (c) and (d) of Section I and in Section II should be understood as references to the 1991 Act of the UPOV Convention.

(b) *Acts done privately and for non-commercial purposes,*^a

4. The following sections are intended to illustrate some acts which may be covered by the exception and some which may not:

Acts possibly not falling within the scope of the exception

5. The wording of Article 15(1)(i) indicates that acts which are *both* of a private nature *and* for non-commercial purposes are covered by the exception. Thus, non-private acts, even where for non-commercial purposes, may be outside the scope of the exception. In that respect, a party providing propagating material of a protected variety to another party might be considered not to be engaged in a private act, regardless of whether there is any form of payment for the material and, therefore, not to be covered by the exception.

6. Furthermore, the wording indicates that private acts which are undertaken for commercial purposes do not fall within the exception. Thus, a farmer saving his own seed of a variety on his own holding might be considered to be engaged in a private act, but could be considered not to be covered by the exception if the said saving of seed is for commercial purposes, for example, if he subsequently commercialized harvested material of the variety. A separate optional exception (see Article 15(2)) has been created within the Convention to address farm-saved seed (See section 2).

Acts possibly falling within the scope of the exception

7. The wording of Article 15(1)(i) suggests that it could allow, for example, the propagation of a variety by an amateur gardener for exclusive use in his own garden (i.e. no material of the variety being provided to others), since this may constitute an act which was both private and for non-commercial purposes. Equally, for example, the propagation of a variety by a farmer exclusively for the production of a food crop to be consumed entirely by that farmer and the dependents of the farmer living on that holding, may be considered to fall within the meaning of acts done privately and for non-commercial purposes. Therefore, activities, including for example “subsistence farming”, where these constitute acts done privately and for non-commercial purposes, may be considered to be excluded from the scope of the breeder’s right, and farmers who conduct these kinds of activities freely benefit from the availability of protected new varieties.

(c) *Acts done for experimental purposes*

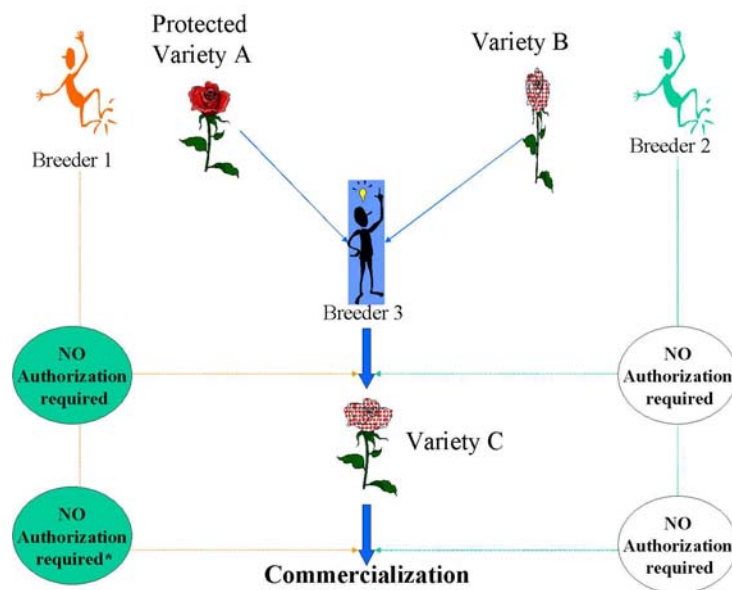
8. The breeder's right does not extend to the use of the protected variety for experimental purposes.

(d) Article 15(1)(iii): the “breeder’s exemption”^b

9. The exception under Article 15(1)(iii) states that the breeder’s right shall not extend to “acts done for the purpose of breeding other varieties, and, except where the provisions of Article 14(5) apply, acts referred to in Article 14(1) to (4) in respect of such other varieties.”. This is a fundamental element of the UPOV system of plant variety protection known as the “breeder’s exemption”, whereby there are no restrictions on the use of protected varieties for the purpose of breeding new plant varieties.

10. The second part of Article 15(1)(iii) “and, except where the provisions of Article 14(5) apply, acts referred to in Article 14(1) to (4) in respect of such other varieties.” clarifies that, except for the varieties included in Article 14(5), i.e., essentially derived varieties; varieties which are not clearly distinguishable of the protected variety and varieties whose production requires the repeated use of the protected variety, the commercialization¹ of the new varieties obtained does not require the authorization of the title holder of the protected variety used to create those new varieties.

11. The following scheme illustrates a hypothetical situation where a breeder uses a protected variety A and a non-protected variety B for the breeding of a new variety C. The scheme demonstrates that no authorization is required to breed variety C. Furthermore, the commercialization of variety C would not require the authorization of the breeder of variety A except where variety C was an essentially derived variety, or was a variety that required the repeated use of the protected variety A or was a variety which was not clearly distinguishable from the protected variety A (see Article 14 (5) of the 1991 Act of the UPOV Convention).



*except for: essentially derived varieties; varieties which require repeated use of a protected variety (variety A); and varieties not clearly distinguishable from a protected variety (variety A).

¹ In this document the term “commercialization” is used to cover the acts included in Article 14(1) to (4) of the 1991 Act of the UPOV Convention.

SECTION II: THE OPTIONAL EXCEPTION TO THE BREEDER'S RIGHT

(a) *Relevant provisions of the UPOV Convention*

1991 Act of the UPOV Convention

Article 15

Exceptions to the Breeder's Right

[.....]

(2) [*Optional exception*] Notwithstanding Article 14², each Contracting Party may, within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, restrict the breeder's right in relation to any variety in order to permit farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety or a variety covered by Article 14(5)(a)(i) or (ii).

² Article 14 "Scope of the Breeder's Right"

(b) *Deciding on a “farmer’s privilege”*

12. Article 15 (2) is an “optional” provision as clarified by the wording “ ... each contracting Party may ... ”. Thus, it is a matter for each member to decide whether it would be appropriate to incorporate the option provided in Article 15 (2). The purpose of the following paragraphs is to provide guidance to those members of the Union which decide to incorporate a “farmer’s privilege” into their legislation.

13. When considering the way in which the farmer’s privilege might be implemented, the Diplomatic Conference of 1991 (see page 63 of UPOV Publication No. 346(E) “Records of the Diplomatic Conference for the Revision of the International Convention for the Protection of New Varieties of Plants”) developed the following recommendation:

“The Diplomatic Conference recommends that the provisions laid down in Article 15(2) of the International Convention for the Protection of New Varieties of Plants of December 2, 1961, as Revised at Geneva on November 10, 1972, on October 23, 1978, and on March 19, 1991, should not be read so as to be intended to open the possibility of extending the practice commonly called ‘farmer’s privilege,’ to sectors of agricultural or horticultural production in which such a privilege is not a common practice on the territory of the Contracting Party concerned.”

14. The Diplomatic Conference recommendation indicates that the farmer’s privilege was aimed at those crops where, for the member of the Union concerned, there was a common practice of farmers saving harvested material for further propagation.

15. Article 15(2) states that “each Contracting Party may, [...] restrict the breeder’s right in relation to any variety in order to permit farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety or a variety covered by Article 14(5)(a)(i) or (ii).” (underlining added for emphasis)

16. That wording indicates that the farmer’s privilege may be considered to relate to selected^d crops where the product of the harvest is used for propagating purposes, for example small-grained cereals where the harvested grain can equally be used as seed i.e. propagating material. Taken together with the recommendation relative relating to Article 15 (2) ~~of 1991~~ of the Diplomatic Conference of 1991 (see above), the wording also indicates that it may be considered inappropriate to introduce a farmer’s privilege for crops agricultural or horticultural sectors, such as fruit, ornamentals and vegetables^e, where it has not been a common practice for the harvested material to be used as propagating material.

(c) “Reasonable limits and safeguarding of the legitimate interests of the breeder”

17. Article 15(2) states:

“Notwithstanding Article 14, each Contracting Party may, within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, restrict the breeder’s right [...]” (underlining added for emphasis)

18.^f In relation to the introduction of reasonable limits and the safeguarding of the legitimate interests of the breeder within plant breeders’ rights legislation, the factors below, amongst others, might be considered.

Type of variety^g

19. Where it is decided to introduce a farmer’s privilege for a particular crop or species, it is possible to specify only certain types of varieties for which the farmer’s privilege would be applicable. For example, authorities might decide not to extend the farmer’s privilege to certain types of varieties, e.g. hybrid varieties or synthetic varieties. This allows authorities to take into account whether there has been a common practice of farmers saving harvested material for further propagation and whether it would be appropriate to introduce a farmer’s privilege for such types of varieties.

Size of holding / crop area^h

20. An example of one factor which might be used to establish reasonable limits and to safeguard the legitimate interests of the breeder is the size of the farmer’s holding, or alternatively the area of crop concerned grown by the farmer. Thus, “small farmers” with small holdings (or small areas of crop) might be permitted to use farm-saved seed to a different extent and with a different level of remuneration to breeders than “large farmers”. However, the size of holding (or crop area) determining a small farm may differ when considering reasonable limits and safeguarding the legitimate interests of the breeder for each member of the Union.

Example:

In country A, farmers with holdings (or a crop area) of less than 10 ha might only account for 5% of production of crop X. Thus, in country A, the setting of a level of 10 ha for a small farmer and allowing small farmers to pay a reduced or zero remuneration for crop X might only have a small impact on overall remuneration to breeders. Conversely, in country B, farmers with holdings (or crop areas) of less than 10 ha of crop X might account for 90% of production. Thus, in country B, the setting of a level of 10 ha for a small farmer and allowing small farmers to pay a reduced or zero remuneration for crop X would have a large impact on overall remuneration to breeders. Assessment of whether such an approach would be within reasonable limits and subject to safeguarding the legitimate interests of the breeder would need consideration in relation to the relevant legislation for the member of the Union concerned.

Proportion or amount of harvested cropⁱ

21. **An example of** another factor which might be considered in relation to reasonable limits and safeguarding the legitimate interests of the breeder is the proportion, or amount, of crop which would be the subject of the farmer's privilege. Thus, for example, a **member of the Union could choose to** ~~the authority may~~ specify the maximum percentage of the harvested crop which the farmer may use for further propagation. The specified percentage might be varied in relation to the size of farm (or crop area) and/or the level of remuneration, as a percentage of standard remuneration, specified in relation to the proportion of farm-saved seed used by a farmer. Furthermore, the amount of the harvested crop to which the farmer's privilege applies could be fixed in relation to the quantity of propagating material of the protected variety originally obtained by the farmer, by the amount appropriate to plant on the farmer's holding, or the amount to be reasonably consumed by the farmer and his dependents. The amount could also be expressed as a maximum acreage which may be planted using the harvested crop.

Changing situations^j

22. Plant variety protection encourages the introduction of new varieties and this may, in itself, lead to changes in the level of harvested material used for further propagation (farm-saved seed) of the crop concerned. Furthermore, evolution of farming practices and breeding and propagation methodologies, as well as economic developments could lead to changes in the level of harvested material used for further propagation. Thus, a member of the Union **may could**, for example, limit the level of farm-saved seed to those levels which had been common practice before the introduction of plant variety protection.

(d) *Farmer's holding*^k

23. The farmer's privilege is restricted to the following permission:

“farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety or a variety covered by Article 14(5)(a)(i) or (ii)”. (underlining added for emphasis)

The wording of the Convention clarifies that the farmer's privilege relates to the use of the product of the harvest by the farmer on his own holding. Thus, for example, the farmer's privilege does not extend to propagating material which was produced on the holding of another farmer¹ ~~may be considered not to extend to a transfer of the product of the harvest to another farmer for that other farmer to use for propagating purposes. In such a situation, where farmers, each with their own holdings, belonged to a cooperative, the farmer's privilege would not cover farmers transferring farm saved seed (product of the harvest) for propagation by other farmers belonging to the same cooperative.~~

(e) *Implementation of the exception in Article 15(2)^m*

24. The inclusion of the farmer's privilege in the 1991 Act of the UPOV Convention recognizes that, for some crops, there has been a common practice of farmers saving their own seed, and this provision allows each member of the Union to take account of this practice and the issues involved on a crop-by-crop basis, when providing plant variety protection. The use of the words "within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder" is consistent with an approach whereby, if a farmer's privilege is implemented, it is done in a way which does not undermine the incentives provided by the UPOV Convention for breeders to develop new varieties.

25. General guidance is provided in sections (b), (c) and (d). However, effective implementation of provisions of Article 15 (2) depends on the particular situation in each territory for which a plant breeder's rights legislation is being introduced. In that respect, in relation to reasonable limits and safeguarding of the legitimate interests of the breeder, any legislation which might impact on this matter, including that which is outside legislation to plant breeder's right may also be taken into account.

26. It is emphasized that it is a matter for each member of the Union to decide if, and how, it wishes to implement Article 15(2). Amongst the factors which may be considered are the impact on breeding, the costs and mechanisms required for implementation and the overall economic impact on agriculture. Consultation with the interested parties, notably breeders and farmers, to assess such effects is might be an important means of ensuring successful implementation.

27. Over time, factors such as the evolution of farming practices and breeding and propagation methodologies, as well as economic developments may require modification of any implementing mechanism of a farmer's privilege, in order to ensure that optimal benefits from plant variety protection are obtained by the member of the Union concerned. Therefore, it may be beneficial within some legal frameworks to include provisions which will enable such updating in a practical way.

28. In addition, authorities drafting legislation are invited to contact the Office of the Union for information on examples of legislation of members of the Union which may be of most relevance for their particular circumstances.

[End of document]

^a Paragraphs 5, 6 and 7 provide examples agreed by the CAJ at its fifty-first session on April 7, 2005. The underlined text was added in reply to a clarification for "commercial purposes" of the second example requested by Argentina and Colombia (see paragraphs 3 and 4 of the Annex to document CAJ/51/3 and paragraphs 39 to 60 of document CAJ/51/6 "Report").

^b Based on paragraph 17 of the Reply of UPOV to the Notification of June 26, 2003, from the Executive Secretary of the Convention of Biological Diversity (CBD), adopted by the Council of UPOV at its thirty-seventh ordinary session on October 23, 2003 and on the content of Module 8 of the UPOV Distance Learning Course DL-205.

^c The content of paragraphs 13 to 16 agreed by the CAJ at its fifty-first session on April 7, 2005 (see paragraphs 11 to 14 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 "Report").

^d The word "selected" was introduced in order to show an approach already in practice by several UPOV members bound by the 1991 Act of the UPOV Convention.

^e Changed from the original text (deleted text shown strikethrough and new text underlined) of paragraph 14 of the Annex to document CAJ/51/3, in line with discussions in the relevant UPOV bodies when examining laws.

^f Paragraph 18 contains the first sentence of paragraph 17 of the Annex to document CAJ/51/3 which was agreed by the CAJ at its fifty-first session on April 7, 2005 (see paragraph 17 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 “Report”).

^g The content of paragraph 19 agreed by the CAJ at its fifty-first session on April 7, 2005 (see paragraph 15 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 “Report”).

^h The content of paragraph 20 was agreed by the CAJ at its fifty-first session on April 7, 2005. Minor changes from the original text are shown highlighted as follows: strikethrough and new text underlined (see paragraph 18 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 “Report”).

ⁱ The content of paragraph 21 was agreed by the CAJ at its fifty-first session on April 7, 2005. Minor changes from the original text are shown highlighted as follows: deleted text shown strikethrough and new text underlined (see paragraph 19 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 “Report”).

^j The content of paragraph 22 was agreed by the CAJ at its fifty-first session on April 7, 2005. Minor changes from the original text are shown highlighted as follows: deleted text shown strikethrough and new text underlined (see paragraph 20 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 “Report”).

^k Changed from the original text (deleted text shown strikethrough and new text underlined) of paragraph 6 of the Annex to document CAJ/51/3, in line with comments raised at the fifty-first session of the CAJ and with latest decisions of the Council of UPOV when examining laws.

^l The Council of UPOV had recently examined the law of a future member (see in particular paragraphs 26 to 29 of document C(Extr./24/2) which can be consulted at the following address of the UPOV website: http://www.upov.int/en/documents/c_extr/24/C_extr_24_02.pdf)

The above-mentioned provision (Section 43(d)) is reproduced here for ease of reference:

“The Certificate of Plant Variety Protection shall not extend to:

[...]

d) The traditional right of small farmers to save, use, exchange, share or sell their farm produce of a variety protected under this Act, except when a sale is for the purpose of reproduction under a commercial marketing agreement. The Board shall determine the condition under which this exception shall apply, taking into consideration the nature of the plant cultivated, grown or sown. This provision shall also extend to the exchange and sell of seeds among and between said small farmers: Provided, that the small farmers may exchange or sell seeds for reproduction and replanting in their own land.”

In that case, the Council of UPOV considered that the third sentence in Section 43(d) of the Law, “exchange and sell of seeds among and between said small farmers” fell outside the exception in Article 15(2) of the 1991 Act and would constitute an infringement to the breeder’s right (Article 14(1) of the 1991 Act).

^m Paragraphs 24, 26 and 27 were agreed by the CAJ at its fifty-first session on April 7, 2005. The change in the text on paragraph 29 was agreed at the fifty-first Session of the CAJ (see paragraphs 7, 8 and 9 of the Annex to document CAJ/51/3 and paragraphs 61 to 66 of document CAJ/51/6 “Report”).