



CAJ-AG/10/5/3

ORIGINAL: English

DATE: October 13, 2010

INTERNATIONAL UNION FOR THE PROTECTION OF NEW VARIETIES OF PLANTS
GENEVA

**ADMINISTRATIVE AND LEGAL COMMITTEE
ADVISORY GROUP**

**Fifth Session
Geneva, October 18, 2010**

**EXPLANATORY NOTES ON ESSENTIALLY DERIVED VARIETIES
UNDER THE UPOV CONVENTION (REVISION)**

Document prepared by the Office of the Union

Introduction

1. At its fourth session, held on October 23, 2009, the Administrative and Legal Committee Advisory Group (CAJ-AG) considered document CAJ-AG/09/4/3 containing available information that might help to explain the relationship between Article 14(5)(b)(i) and (iii) of the 1991 Act of the UPOV Convention, and the situation with regard to variety "D" in figures 3 and 4 of document UPOV/EXN/EDV/1 "Explanatory Notes on Essentially Derived Varieties Under the 1991 Act of the UPOV Convention".
2. The CAJ-AG requested the Office of the Union to develop a draft explanation on the relationship between the provisions of Article 14(5)(b)(i) and (iii) of the 1991 Act, for discussion at the fifth session of the CAJ-AG (see document CAJ-AG/09/4/4 "Report", paragraphs 22 to 24).
3. The CAJ-AG concluded that the information presented in document CAJ-AG/09/4/3, paragraph 12, provided a suitable basis for the inclusion of a variety "D" in figures 3 and 4 of document UPOV/EXN/EDV/1, and agreed that the Office of the Union should develop a proposal for discussion at the fifth session of the CAJ-AG (see document CAJ-AG/09/4/4 "Report", paragraph 25).

4. At the sixty-first session of the CAJ, held in Geneva on March 25, 2010, the Delegation of Japan reported that farmers and growers in Japan often applied for breeders' rights for mutation varieties. The Delegation of Japan was interested to learn more about the experience of other members of the Union on matters that might be raised concerning essentially derived varieties.

5. At the sixty-first session of the CAJ, in response to the intervention of the Delegation of Japan concerning essentially derived varieties, the Vice Secretary-General made reference to document CAJ/46/7 "The Notion of Essentially Derived Varieties in the Breeding of Ornamental Varieties" and Annex III to document CAJ/47/8 "Report" and suggested that those documents be considered by the CAJ-AG at its fifth session (see document CAJ/61/11, "Report on the Conclusions").

6. This document presents proposals concerning the matters raised by the CAJ-AG and the CAJ as follows:

- I. Relationship between Article 14(5)(b)(i) and (iii) of the 1991 Act of the UPOV Convention
- II. Inclusion of a variety "D" in figures 3 and 4 of document UPOV/EXN/EDV
- III. Matters concerning essentially derived varieties

I. The relationship between Article 14(5)(b)(i) and (iii) of the 1991 Act of the UPOV Convention

Article 14(5)(b) of the 1991 Act of the UPOV Convention

(b) For the purposes of subparagraph (a)(i), a variety shall be deemed to be essentially derived from another variety ("the initial variety") when

(i) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety,

(ii) it is clearly distinguishable from the initial variety and

(iii) except for the differences which result from the act of derivation, it conforms to the initial variety in the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety.

7. The following paragraphs provide information on discussions that took place: (a) during the preparatory work for the 1991 Diplomatic Conference for the Revision of the International Convention for the Protection of New Varieties of Plants; (b) during the Diplomatic Conference; and (c) during the process for the development of guidance on essentially derived varieties after the Diplomatic Conference that may be relevant for discussions with respect to Article 14(5)(b)(i) and (iii) of the UPOV Convention.

- (a) *Discussions that took place during the preparatory work for the 1991 Diplomatic Conference for the Revision of the International Convention for the Protection of New Varieties of Plants*

8. At the Fourth Meeting with International Organizations, held in Geneva on October 9 and 10, 1989, document IOM/IV/2, "Revision of the Convention", included provisions for essentially derived varieties in paragraph 3 of the Proposed New Text to Article 5 "Effect of the Right Granted to the Breeder". The proposed text of Article 5 did not include a definition of essentially derived variety; however, explanatory notes were provided as follows:

[Extract from document IOM/IV/2]

"Proposed New Text

"Article 5

"Effects of the Right Granted to the Breeder

"[...]

"(3) If a variety is essentially derived from a [single] protected variety, the owner of the right in the protected variety

[Alternative 1] may prevent all persons not having his consent from performing the acts described in paragraph (1) above in relation to the new variety.

[Alternative 2] shall be entitled to equitable remuneration in respect of the commercial exploitation of the new variety.

[Alternative 3] may prevent all persons not having his consent from performing the acts described in paragraph (1) above in relation to the new variety. However, where the new variety shows a substantial improvement over the protected variety, the owner of the right shall only be entitled to equitable remuneration in respect of the commercial exploitation of the new variety.

"[...]

[Extract of the explanatory notes on Article 5 "Effects of the Right Granted to the Breeder" presented in document IOM/IV/2, "Revision of the Convention"]

"5. Paragraph 3. – This paragraph introduces a new concept into the law of plant variety protection: the exploitation – but not the breeding – of a variety that is essentially derived from a protected variety would be subject to the right granted to the breeder of the latter variety ('dependence').

"6. The Committee has not yet taken a final position on the question whether the word "single" would be inserted or omitted; at the present stage of the discussions, there seems to be general agreement on the fact that the following conditions should be met for there to be dependence:

"[...]

“(ii) the derived variety must retain almost the totality of the genotype of the mother variety and be distinguishable from that variety by a very limited number of characteristics (typically by one)

“[...]”

(b) Discussions that took place during the Diplomatic Conference

9. With respect to “*while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety*”; the wording of the Basic Proposal presented at the 1991 Diplomatic Conference was as follows:

“(i) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety, particularly through methods which have the effect of conserving the essential characteristics that are the expression of the genotype or the combination of genotypes of the initial variety, such as the selection of a natural or induced mutant of the somaclonal variant. The selection of a variant, backcrossings or transformation by genetic engineering.”

10. The Basic Proposal was changed to the adopted text of Article 14(5)(b)(i) by the Drafting Committee when considering a particular proposal (document DC/91/14). The redrafting was not intended to change the substance of the content (see Summary Minutes of the Diplomatic Conference, paragraphs 1073, 1096 and 1097, also contained in the Annex to document CAJ-AG/09/4/3, pages 67, 72, 76, 78 and 79).

(c) Discussions that took place during the process for the development of guidance on essentially derived varieties after the Diplomatic Conference

11. The Diplomatic Conference for the Revision of the International Convention for the Protection of New Varieties of Plants, held in Geneva from March 4 to 19, 1991, adopted the following resolution (see document DC/91/140):

“Resolution on Article 14(5)

“The Diplomatic Conference for the Revision of the International Convention for the Protection of New Varieties of Plants held from March 4 to 19, 1991, requests the Secretary-General of UPOV to start work immediately after the Conference on the establishment of draft standard guidelines, for adoption by the Council of UPOV, on essentially derived varieties.”

12. In relation to the above resolution, draft guidelines related to essentially derived varieties were elaborated and discussed by the CAJ at its twenty-ninth session held in Geneva on October 21 and 22, 1991; at its thirtieth session held in Geneva on April 8 and 9, 1992; at its thirty-second session held in Geneva on April 22 and 23, 1993; and during the sixth meeting with international organizations (IOM/6) held in Geneva on October 30, 1992.

13. As part of the work on the development of draft standard guidelines on essentially derived varieties, the relationship between Article 14(5)(b)(i) and (iii) was discussed at the twenty-ninth session of the CAJ held in Geneva on October 21 and 22, 1991; and at the sixth Meeting with International Organizations (IOM/6) held in Geneva on October 30, 1991. Document CAJ/29/2 “Guidelines to essentially derived varieties” and document IOM/6/2 “Essentially Derived Varieties” proposed the following:

“8. ‘predominantly derived from the initial variety’ Article 14(5)(b)(i): The requirement of predominant derivation from an initial variety means that a variety can only be essentially derived from one variety. Discussions of the revision proposals in the sessions of the Administrative and Legal Committee which preceded the adoption by the Council in October 1990 of a draft Convention consistently showed that the intention was that a variety should only be essentially derived from another variety when it retained virtually the whole genotype of the other variety. This is confined by the words commented upon in paragraph 9 below. A derived variety could not in practice retain the expression of the essential characteristics of the variety from which it is derived unless it is almost entirely derived from that variety.

“9. ‘while retaining the expression of the essential characteristics’: The essential characteristics are those which are indispensable or fundamental to the variety. ‘Characteristics’ would seem to embrace all features of a variety including, for example, morphological, physiological, agronomic, industrial and biochemical characteristics. It is suggested that the result of a biochemical test conducted on a variety, for instance, a screening test using a genetic probe, is a characteristic of the variety. ‘while retaining’ requires that the expression of the essential characteristics be derived from the initial variety.

“[...]

“12. ‘(iii) except for the differences which result from the act of derivation it conforms to the initial variety in the expression of the essential characteristics that result from the genotype or combination of genotypes of the original variety’: The words ‘except for the differences which result from the act of derivation’ do not set a limit to the amount of difference which may exist where a variety is considered to be essentially derived. A limit is, however, set by the words of paragraph (i). The differences must not be such that the variety fails ‘to retain the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety.’ There is some inconsistency between subparagraphs (i) and (iii) of Article 14(5)(b) in that (i) would seem to require the whole of the expression of the essential characteristics that result from the genotype of the initial variety while (iii) requires only that the derived variety conforms to the initial variety except for differences resulting from the act of derivation (however, see the discussions in paragraph 13 below). The examples of essential derivation given in Article 14(5) (c) make clear that the differences which result from the act of derivation should be one or very few.

“IV. Establishing the ‘essential derivation’ of a variety

“13. Article 14(5)(b) lays down those conditions that must be satisfied in order that a later variety shall be deemed to be essentially derived from another variety (‘the initial variety’). The second of those conditions (established in Article 14(5)(b)(ii)) requires only that the later variety be clearly distinguishable from the initial variety and requires no further comment. The first such condition (established in Article 14(5)(b)(i)) requires that the later variety be derived from the initial variety which in turn requires that genetic materials of the initial variety have been used in the creation of the later variety. The first condition is accordingly concerned with the genetic origin of the later variety. The third such condition (established in Article 14(5)(b)(iii)) requires that the later variety conforms to (‘is made similar to’) the initial variety in the expression of the inherited essential characteristics of the initial variety apart from the differences which result from the act of derivation. The third condition is accordingly concerned with the degree of similarity of the later variety to the initial variety. Whilst the first condition also makes reference to

the degree of similarity, the primary function of the first condition is to establish a requirement relating to the genetic origin of the variety.

“[...]”

“21. To fulfill the conditions imposed by Article 14(5)(b)(iii) a later variety must conform to the initial variety in the expression of the essential heritable characteristics of the initial variety ‘except for the differences which result from the act of derivation’. Theoretically, if variety A is crossed with variety B and Variety X is selected from the resulting progeny, if variety X derives 45% of its essential characteristics from A and 55% from B, it will be essentially derived from B since apart from the 45% derived from A, it conforms to the expression of the essential characteristics of B. This is clearly not the intended interpretation. A later variety cannot fulfill the conditions of Article 14(5)(b)(i) unless it is predominantly derived from the initial variety while retaining, without qualification in Article 14(5)(b)(i), the expression of the essential heritable characteristics of the initial variety.”

14. The records of the discussions at the IOM/6 on the above paragraphs of the draft standard guidelines on essentially derived varieties are contained in document IOM/6/5 “Report” and are reproduced in Annex I to this document.

15. The CAJ, at its thirty-second session on April 22 and 23, 1993, and the Technical Committee, at its twenty-ninth session held on April 21 and 22, 1993, decided as follows: (document CAJ/32/10-TC/29/9 “Report”, see Annex to document CAJ-AG/09/4/3, page 100):

“Guidelines Relating to Essentially Derived Varieties

“28. The Chairman asked whether a list of sample cases in which a variety would be essentially derived should be drawn up at the present stage, or whether one should rather await the entry into force of the provisions concerned and the accumulation of some initial practical experience. In the first hypothesis the question that arose was how to incorporate the advice of breeders in the Guidelines, as the Guidelines were addressed to them; in that case the form of the document would also have to be specified.

“29. The Delegations of Germany, France and the Netherlands were of the opinion that one could not draw up a list in the abstract, which moreover would be liable to be taken as an exhaustive list, and that one should wait. It was also mentioned that the work of the Working Group on Biochemical and Molecular Techniques would greatly contribute to the definition of the essentially derived variety concept in practical cases.

“The Chairman concluded that this agenda item could be adjourned sine die.”

II. Inclusion of a variety “D” in figures 3 and 4 of document UPOV/EXN/EDV/1

16. The CAJ-AG, at its fourth session, concluded that the information presented in document CAJ-AG/09/4/3, paragraph 12, provided a suitable basis for the inclusion of a variety “D” in figures 3 and 4 of document UPOV/EXN/EDV/1, and agreed that the Office of the Union should develop a proposal for discussion at the fifth session of the CAJ-AG (see document CAJ-AG/09/4/4 “Report”, paragraph 25).

17. The following example is reproduced from the annexes to documents CAJ/29/2 "Guidelines to essentially derived varieties", and IOM/6/2 "Essentially derived varieties" (see pages 88, 89, 92 and 93 of the Annex to document CAJ-AG/09/4/3):

Example 1: A pyramid

[Each ⁺ is a characteristic added by genetic engineering or complete back-crossing and controlled by a single gene or by a few closely linked genes]

- Variety A - the initial protected variety
- Variety A⁺ - is distinct from and predominantly derived from A
- Variety A⁺⁺ - is distinct from A⁺ and is predominantly derived from A⁺
- Variety A⁺⁺⁺ - is distinct from A⁺⁺ and is predominantly derived from A⁺⁺.

1.1 Question: Is variety A⁺ essentially derived from A?

1.1 Answer:

Yes, if it is predominantly derived in such a way that it retains the expression of the essential inherited characteristics (that is the characteristics that "result from the genotype") of the initial variety AND if in the final result, except for the differences which result from the act of derivation (added characteristic⁺ in this case) it conforms as required by Article 14(5)(b)(iii).

1.2 Question: Is variety A⁺⁺ essentially derived from A⁺?

1.2 Answer:

(i) Same answer as for 1.1. but with different consequences. Since variety A⁺ is itself essentially derived from A, it fails to satisfy the requirement of Article 14(5)(a)(i). Accordingly the scope of protection of variety A⁺ does not cover variety A⁺⁺.

(ii) Variety A⁺⁺ may, however, be essentially derived from variety A if it retains the expression of the essential inherited characteristics of variety A and if it conforms as required by Article 14(5)(b)(iii).

1.3 Question: Is variety A⁺⁺⁺ essentially derived from variety A and if so how many further characteristics can be added to it before it ceases to be essentially derived from A?

1.3 Answer:

Variety A⁺⁺⁺ will be essentially derived from A if it satisfies the provision of Article 14(5)(b)(i) and (iii). Varieties with further added characteristics similarly derived would continue to be essentially derived until such time as a variety is developed which ceases to conform to the initial variety in the expressions of its essential characteristics inherited from A. A decision on this question in an infringement suit would be a value judgement based upon the available evidence.

18. As requested by the CAJ-AG, the proposed revision of sections (b) and (c) of the "Explanatory Notes on Essentially Derived Varieties under the 1991 Act of the UPOV Convention" (document UPOV/EXN/EDV/1 paragraphs 3 to 8) is presented in Annex II to this document. In addition to the incorporation of variety "D" in figures 3 and 4 of document UPOV/EXN/EDV, for consistency purposes a corresponding change has also been proposed for figures 1 and 2 of document UPOV/EXN/EDV.

III. Matters concerning essentially derived varieties

19. At the sixty-first session of the CAJ, the Delegation of Japan expressed an interest to learn more about the experience of other members of the Union on matters that might be raised after the grant of the breeder's right concerning essentially derived varieties. It was suggested that the CAJ-AG, at its fifth session, consider documents CAJ/46/7 "The Notion of Essentially Derived Varieties in the Breeding of Ornamental Varieties" and Annex III to document CAJ/47/8 "Report" at its fifth session (see paragraphs 4 and 5). Annex III to this document contains the contribution received from Japan in reply to Circular E-1168, inviting members and observers of the CAJ to provide examples on matters arising after the grant of the breeder's right, which relates to essentially derived varieties (see Appendix 4 to the Annex to document CAJ/61/8 "Matters arising after the grant of the breeder's right"), to be considered by the CAJ-AG jointly with documents CAJ/46/7 "The Notion of Essentially Derived Varieties in the Breeding of Ornamental Varieties" and Annex III to document CAJ/47/8 "Report".

11. *The CAJ-AG is invited to:*

(a) review the proposals made in document IOM/6/2, paragraphs 8, 9, 12 and 13 of document CAJ/29/2 "Guidelines to essentially derived varieties" and consider whether those proposals and the comments on those proposals, as set out in Annex I to this document, might be a basis to seek to develop guidance with respect to the relationship between Article 14(5)(b)(i) and (iii) of the 1991 Act of the UPOV Convention;

(b) consider the proposal for variety "D", presented in Annex II to this document and

(c) consider whether documents CAJ/46/7 "The Notion of Essentially Derived Varieties in the Breeding of Ornamental Varieties" and Annex III to document CAJ/47/8 "Report" provide a basis for guidance on essentially derived varieties, that might be incorporated in document UPOV/EXN/EDV.

[Annexes follow]

ANNEX I

Discussions on paragraphs 8, 9, 12 and 13
of document IOM/6/2 "Essentially Derived Varieties"

SIXTH MEETING WITH INTERNATIONAL ORGANIZATIONS

Geneva, October 30, 1992

Document IOM/6/5

RECORD OF THE MEETING

Relevant paragraphs:

Paragraph 8

19. Mr. LANGE (ASSINSEL) said that ASSINSEL was basically in agreement with the statements in paragraph 8. It also went along with the interpretation that the words "predominantly derived from the initial variety" meant that derivation could only exist from one variety. However, it had discussed a case, in relation to that paragraph, in which a variety A was crossed with a variety B and the progeny was selected in such a way that the new variety came very close to the genome of variety B. It was ASSINSEL's view that such a case was to be dealt with rather like the case of backcrossing and could indeed be covered by the phrase in question. ASSINSEL felt, however, that such cases should be examined with great prudence and that the question of the threshold value had to play a decisive part.

20. Mr. WINTER (COMASSO) informed the meeting of COMASSO's view that the interpretation of the Act reproduced in paragraph 8 was correct and that indeed only one variety could be the initial variety.

21. Mr. Dirk BÖRINGER (Germany) observed that the case set out by Mr. Lange (ASSINSEL) presented no problems for him. The decisive fact was whether the new variety essentially contained the genome of one of the parent varieties. The method of breeding was not laid down at any point.

Paragraph 9

22. Mr. LANGE (ASSINSEL) said that ASSINSEL was of the opinion that the word "essential" should not contain any connotation of the value of the corresponding characteristics. Nor should it in any way constitute a limitation to certain properties. ASSINSEL had already made observations on that question in its written comments; for it, the words "essential characteristics" referred as it were to the essence of the genotype of the initial variety and meant that the whole genome of the initial variety had to be used as a basis for assessing genetic conformity.

23.1 Mr. ROYON (CIOPORA) recalled that CIOPORA had already underlined in the discussions on the draft revised UPOV Convention that it was of the view that the expression of the essential characteristics was really the overwhelming matter to be considered in dependency. However, it again felt that the wording of the 1991 Act was very confusing indeed. Despite the explanations given in paragraph 12 of document IOM/6/2, it felt that there was an unnecessary repetition and even a discrepancy in Article 14(5)(b) between: "while retaining the expression of the essential characteristics ... of the initial variety" in item (i) and "it conforms" in item (iii), the latter being laxer than the former. CIOPORA had already made many comments in the past on the word "conform."

23.2 It was therefore important for this meeting to define what was really necessary for an essentially derived variety to reproduce the essential characteristics of the initial one. As to the word "essential" itself, CIOPORA did not fully agree with the explanations or interpretations given by Mr. Lange (ASSINSEL), because it considered it premature, at this stage, to say that elements of value--"value" being a very broad term--should be excluded from the scope of the word "essential." That scope should evolve only through judicial interpretation.

Paragraph 12

33. Mr. LANGE (ASSINSEL) stated that ASSINSEL was generally in agreement with the statements in paragraph 12, although their formulation appeared somewhat complicated. However, it did have a question, particularly with regard to the final sentence: what was the meaning of the phrase "the differences which result from the act of derivation should be one or very few"? ASSINSEL felt that that statement should not impair the question of threshold values in any event. Furthermore, the term "threshold value" was nowhere to be found. The question therefore arose why that term had not been used.

34.1 Mr. GREENGRASS (Vice Secretary-General of UPOV) observed that in discussions that had taken place within UPOV thus far, there had been a certain reluctance to resort to mathematical formulations, and the notion of a threshold value would just require that. It should be recognized that not every implication of a new concept of this kind could be anticipated; for that reason, the tendency had been to refrain from putting forward a figure or elements leading to a figure. One had to be conscious of the fact that a significant portion of the genotype was "sleeping," i.e. was not expressed. Percentages and thresholds would only be meaningful if they related to an appropriate, well-defined basis. Most member States would like to keep the concept very general, at least at this stage, so that it remained flexible in its application.

34.2 As far as the last sentence was concerned, Mr. Greengrass stated that its purpose was merely to emphasize the fact that varieties would not be essentially derived unless they were extremely close to the initial variety.

35.1 Mr. LE BUANEC (ASSINSEL) observed that discussions on paragraphs 10 to 12 had shown the importance of the interplay between the concepts of distinctness and of derivation. ASSINSEL, for its part, felt that there was no reason to change the work that was currently being done on distinctness under the 1978 Act. As far as derivation was concerned, it felt that it had to be judged after distinctness had been determined, and probably on the basis of criteria that were not necessarily the same.

35.2 To follow up the comments made by Mr. Greengrass (Vice Secretary-General of UPOV), Mr. Le Buanec pointed out that the aim and the wish of ASSINSEL were not to have quantified values already shown in a document. That would be far too premature and, in any event, progress had to be species by species and genetic structure by genetic structure in order to arrive at reliable data. What it would like, on the other hand, was for the concept of threshold to be discussed at some point or other, but without greater detail. To members of ASSINSEL, the members of the profession to whom the Convention was addressed by priority, obviously within the general framework of law, it appeared that the concept of threshold was altogether fundamental.

36.1 Mr. ROYON (CIOPORA) stated that CIOPORA felt very uneasy about the wording of Article 14(5)(b). It had opposed this wording during the discussions before the Diplomatic Conference; it needed to know what the UPOV experts really meant by saying in item (i): "while retaining the expression of the essential characteristics" and then in item (iii): "it conforms to the initial variety." Did they mean that virtually all the characteristics--or only most of them--had to be retained? Was "conform" less stringent? Clarifications should be given on this point to the users of the Convention, and at least to the Governments which would have to give effect to the Convention domestically, to avoid great insecurity in the implementation of the 1991 Act.

36.2 Mr. Royon then again repeated that the discussion on the problem of distinctness could not be separated from that on the problem of dependency because there were examples under the 1978 Act of cases where very minute differences had been accepted in some countries to grant protection and where, from the point of view of infringement, no one was able, either in the trade or in the public at large, to distinguish the two varieties concerned.

37. Mr. Gérard URSELMANN (ASSINSEL) wondered whether the statement of Mr. Greengrass (Vice Secretary-General of UPOV) in reply to the question from ASSINSEL had made the position clear for the audience. He had understood the statement in the sense that, to be essentially derived, a variety had to be very close to the initial variety and had in fact to differ only in one or a very small number of expressions of characteristics, i.e., in ASSINSEL's understanding, two or three. If that were to be the position, then the principle of dependency would apply in a very small number of cases in practice and would

be void of any significance. ASSINSEL was in the process of establishing thresholds for the various species and groups within species, and if the statement made in document IOM/6/2 were to be the principle underlying UPOV's work, then there would hardly be any need for discussions on thresholds. ASSINSEL would propose to delete the reference to "should be one or very few" and to pave the way for discussions on thresholds and a formulation thereof.

Paragraphs 13 and 14

38. Mr. KIEWIET (Netherlands) wished to raise a question with the international organizations in relation to the nature of the guidelines which the UPOV Council would have to establish. In general, UPOV guidelines were meant to give guidance to the national authorities responsible for the granting of breeders' rights. The general opinion was that the determination whether a variety was an essentially derived one or not had to be made in the first place by the private parties concerned, the breeders. The guidelines were therefore, in that case, primarily of relevance to those parties; they should also give guidance to the Courts which would have to deal with the matter if the parties did not reach an agreement. The question was therefore: would the breeders--and the Courts--take the guidelines seriously? Mr. Kiewiet recognized that nobody could give a definite answer to that question at this meeting. He therefore asked the international organizations whether the breeders' organizations considered the possibility of establishing guidelines on their own to give guidance to their members, or whether they were prepared to support the guidelines established by UPOV in a declaration directed to their members.

39. Mr. LE BUANEC (ASSINSEL) replied that the position of ASSINSEL was altogether clear. It was obvious that the guidelines to be set up would be essentially aimed at breeders and possibly the courts. However, between the breeders and the courts, there would probably be an intermediary instance constituted by the arbitration boards. ASSINSEL was highly favorable to the establishment of arbitration rules, which would obviously be closely related to the guidelines. If close collaboration between ASSINSEL and UPOV could lead to UPOV guidelines, ASSINSEL would of course be ready to support them with respect to the arbitration boards and the courts. It had the intention of drawing up a number of such rules in the coming two years.

40.1 Mr. ROYON (CIOPORA) stated that CIOPORA was indeed always ready to collaborate closely with the Office of the Union to put together guidelines, where necessary. However, it would find it a little awkward to have to finalize the guidelines on the basis of a text which, from the very onset, did not altogether satisfy it. It therefore appeared that the first guidelines on which agreement could be reached ought to concern the minimum distances; those indeed appeared necessary both for the use of the granting authorities and for the use of the courts that would have to decide in infringement proceedings involving varieties that were not clearly distinguishable.

40.2 As far as the subject matter of the meeting was concerned, it appeared somewhat premature to CIOPORA to consider guidelines. It would, on the other hand, welcome a discussion being opened on the issues of burden of proof and the problems that would arise due to the coexistence of differing versions of the Convention. Despite that, CIOPORA was open to all suggestions and its cooperation with UPOV was assured. However, it had the impression that it would be difficult to set up guidelines limited to the matter of essentially derived varieties on the basis of a text that did not as yet appear satisfactory.

40.3 Mr. Royon added that, although he was aware that discussions could only take place on the basis of an existing text, it was indeed because he had repeatedly spoken up over the years on the matter of dependency that CIOPORA had finally obtained that dependency in the 1991 Act. It was therefore not premature to go into the wishes for amendment to the present text in the light of the forthcoming revision of the Convention.

41. Mr. WINTER (COMASSO) put forward the view that it was technically correct to take the presently available text--whether it be satisfactory or not--as a basis to carry out constructive work and to at last convert the new principle into a practical reality. That principle had been introduced in order to protect the initial breeder and COMASSO supported that basic intention. It would be essential for UPOV to draw up the guidelines, of any type, together with the professional organizations concerned since they could serve as a help in reaching decisions on how to determine derivation, whether for the benefit of the breeders themselves or for the courts.

42. Mr. LANGE (ASSINSEL) expressed the wish of ASSINSEL that the word "value" be deleted from "value judgment" in paragraph 14 of document IOM/6/2.

43. Mr. GREENGRASS (Vice Secretary-General of UPOV) explained that the word "value" bore no relationship in the particular context with value for cultivation and use. It was used as an element of legal terminology to distinguish the case concerned from an issue of fact and to indicate that, at some point, somebody, for instance a judge, would have to weigh up all the evidence and decide on the basis of an evaluation of the evidence. If an alternative word could be found, the word "value" would be replaced.

44. Mr. LANGE (ASSINSEL) replied that English was not his mother tongue and he could therefore not propose any replacement for the word "value" in English. He wished, however, to ensure that the statement should not allow of any interpretation to the effect that it referred to the economic properties of the varieties concerned.

45. Mr. ROYON (CIOPORA) stated that the concept of derivation required a genetic test, and accepted that there were various scientific tests that could be used by the plaintiff to provide evidence. However, there were cases, in view of the present state of technology, where derivation could not be established. One might therefore wonder whether the protection holder should not be able to establish a prima facie case of infringement based upon phenotypic similarities and then shift onto the alleged infringer the burden of showing that the alleged infringing variety was not derived from the protected variety. CIOPORA could not contribute much more at this stage.

46. Mr. LANGE (ASSINSEL) suggested, on the matter of the burden of proof, that had been mentioned by Mr. Royon (CIOPORA), that it be dealt with as a whole following discussion of document IOM/6/2.

Paragraph 21

58.1 Mr. Timothy ROBERTS (ASSINSEL) wished to take up the suggestion, made previously by the Delegation of ASSINSEL, that there might be a problem where varieties A and B were crossed and where breeding was conducted on the hybrid that resulted from the progeny, and eventually led to a variety that conformed to B but was distinct from it. That case raised an important theoretical question, namely whether it satisfied the legal requirements for there being dependency from B. A clear opinion had been expressed on this by Mr. Böringer (Germany). Mr. Roberts suggested, however, that the question might require more consideration. It had been his experience that smaller breeders were very concerned about the concept of dependence coming to play when they crossed A with B and ended up with progeny fairly similar to B.

58.2 There was always a need for a proper balance, Mr. Roberts observed, in intellectual property matters between a fair degree of protection for the owner of the right and clarity for third parties, so that the latter knew what they could do and what they could not. It was clear that until the Convention had been amended, the situation was out of balance and that the protection afforded to the breeder was not sufficient. But that did not mean that one should go too far the other way. Most of the examples given in the Annex to document

IOM/6/2 referred to rather special situations. For instance, somebody who undertook to insert a new gene by genetic technology into an existing variety, was clearly on notice that his work was likely to lead to a situation of dependency. But it would be very good if a breeder who crossed A and B could be reasonably confident that he would not have to face the prospect of being dependent on either variety.

58.3 Mr. Roberts wished to go a step further and to suggest that the 1991 Act could be read to say that there was no dependency in the case at issue, because the initial cross resulted in a hybrid which was clearly dependent on neither A nor B, being 50% of A and 50% of B. He suggested that the hybrid was a variety, an independent one, and hence anything derived from it could not be dependent on either A or B.

59. Mr. ROYON (CIOPORA) went along with Mr. Roberts (ASSINSEL) in stating that paragraph 21 provided a necessary and obvious clarification. However, one could not simply deduce that a variety obtained by crossing A and B would never infringe either one of the parents. Indeed, the breeder of the parent concerned could always invoke, where appropriate, application of Article 14(5)(a)(ii).

[...]

[Annex II follows]

ANNEX II

PROPOSAL FOR THE INCLUSION OF A VARIETY “D” IN FIGURES 3 AND 4 OF DOCUMENT UPOV/EXN/EDV/1

~~Strikethrough~~ **highlighted** indicates deletion from the text of UPOV/EXN/EDV/1

Underlining **highlighted** indicates insertion to the text of UPOV/EXN/EDV/1

(b) *Defining an essentially derived variety*

Article 14(5)(b) of the 1991 Act of the UPOV Convention

(b) For the purposes of subparagraph (a)(i), a variety shall be deemed to be essentially derived from another variety (“the initial variety”) when

(i) it is predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety,

(ii) it is clearly distinguishable from the initial variety and

(iii) except for the differences which result from the act of derivation, it conforms to the initial variety in the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety.

1. The Convention does not provide clarification of terms such as “predominantly derived” or “essential characteristics”. However, the Convention provides certain examples of some ways in which an essentially derived variety may be obtained (Article 14(5)(c): “Essentially derived varieties may be obtained for example by the selection of a natural or induced mutant, or of a somaclonal variant, the selection of a variant individual from plants of the initial variety, backcrossing, or transformation by genetic engineering.”).

2. The use of the word “may” in Article 14(5)(c) indicates that those ways may not necessarily result in an essentially derived variety. In addition, the Convention clarifies that those are examples and do not exclude the possibility of an essentially derived variety being obtained in other ways.

3. ~~Essentially derived varieties are obtained, either directly or indirectly, from a variety which is called the “initial variety”~~ In the example in Figure 1, variety B is an essentially derived variety from variety A and is predominantly derived from variety A. ~~In the example in Figure 2, Variety C is essentially derived from Initial Variety ‘A’, but is predominantly derived from variety B.~~

4. Article 14(5)(b)(i) provides that an essentially derived variety can be “predominantly derived from the initial variety, or from a variety that is itself predominantly derived from the

initial variety.” In the example in Figure 2, Variety C has been predominantly derived from variety B, variety B being itself predominantly derived from variety A (the initial variety). Variety C is essentially derived from initial variety A, but is predominantly derived from variety B.

5. Irrespective of whether variety C has been obtained directly from the initial variety A or not, it is an essentially derived variety from variety A if it fulfills the definition stated in Article 14(5)(b).

~~7. — Another example of an indirect way in which it might be possible to obtain an essentially derived variety from an initial variety could be the use of a hybrid variety to obtain a variety which is essentially derived from one of the parent lines of the hybrid.~~

6. The wording of Article 14(5)(b)(i) explains that essentially derived varieties can be predominantly derived from a variety that is itself predominantly derived from the initial variety, thereby indicating that essentially derived varieties can be obtained, either directly or indirectly, from the “initial variety”. Thus, varieties can be predominantly derived from varieties A, or B, either directly, or indirectly via varieties “C”, or “D”, or “E” ... etc., and will still be considered essentially derived varieties from variety “A” if they fulfill the definition stated in Article 14(5)(b). In the following figures, this is illustrated by variety “Z”.

~~7. Another example of an indirect way in which it might be possible to obtain an essentially derived variety from an initial variety could be the use of a hybrid variety to obtain a variety which is essentially derived from one of the parent lines of the hybrid.~~

8. The relationship between the initial variety (variety A) and an essentially derived variety (varieties ~~B and C~~ B, C, etc.) is irrespective of whether a plant breeder’s right has been granted to those varieties ~~A, B or C~~. Variety A will always be the initial variety for varieties ~~B and C~~ B, C, etc., and varieties ~~B and C~~ B, C, etc., will always be essentially derived varieties from variety A. However, if the initial variety is protected, that will have certain consequences in relation to the essentially derived varieties ~~B and C~~ B, C, etc. (see section (c)).

Figure 1: Variety “A” is not an EDV from any other variety

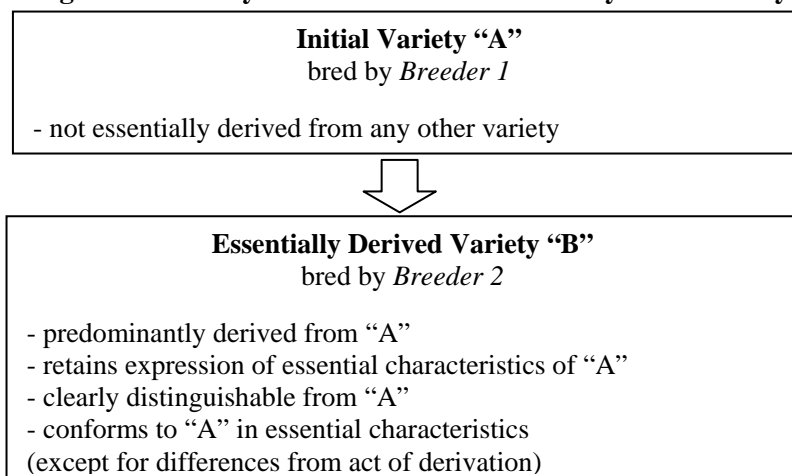
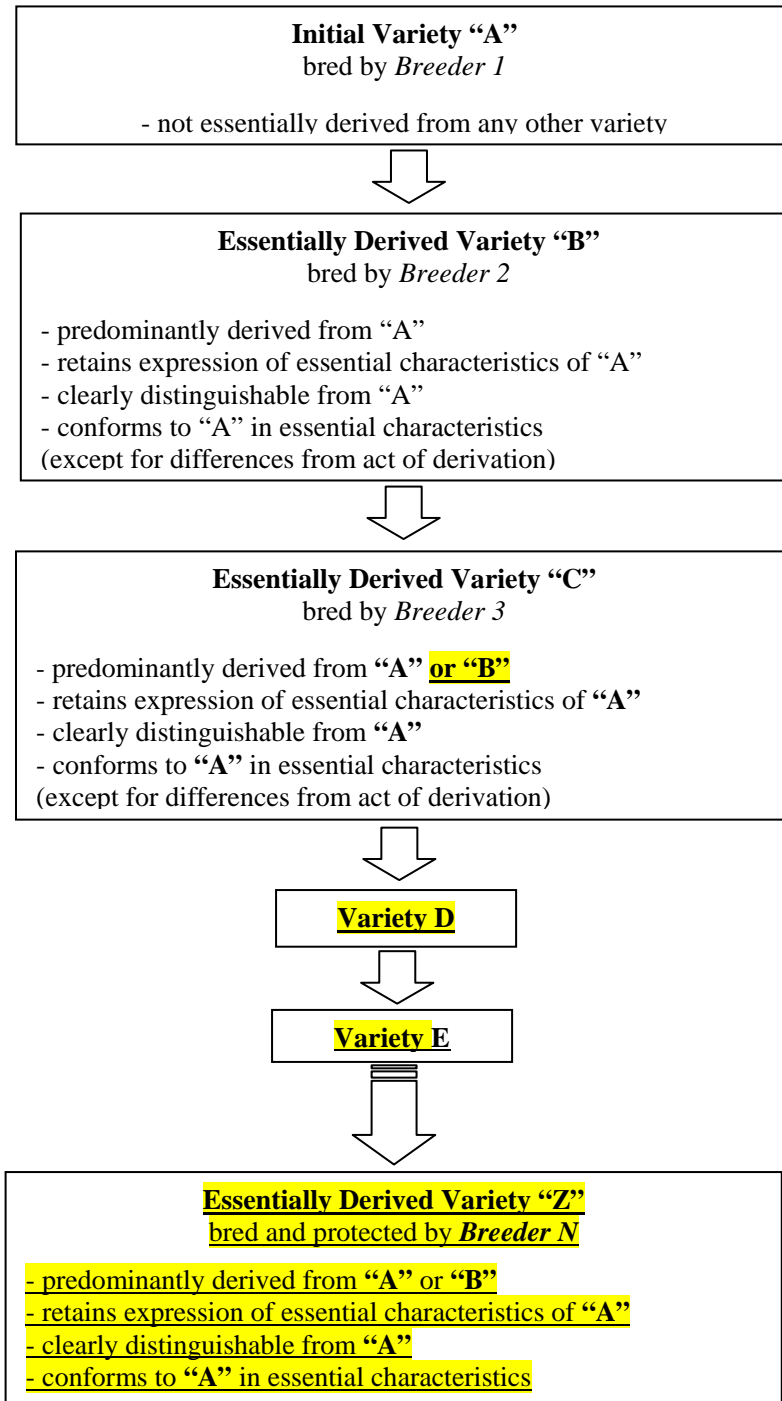


Figure 2: EDV “C” and “D” predominantly derived from EDV “B” and “C”



(c) *Scope of the breeder's right with respect to initial varieties and essentially derived varieties*

1991 Act of the UPOV Convention

Article 14 (5) (a) (i)

(5) [*Essentially derived and certain other varieties*] (a) The provisions of paragraphs (1) to (4) shall also apply in relation to

(i) varieties which are essentially derived from the protected variety, where the protected variety is not itself an essentially derived variety,

9 Essentially derived varieties are eligible for plant breeders' rights in the same way as for any variety, if they fulfill the conditions established in the Convention (see Article 5 of the 1991 Act of the UPOV Convention). If an essentially derived variety is protected, it is necessary to obtain the authorization of the breeder of the essentially derived variety as provided in Article 14 (1) of the UPOV Convention. However, the provisions of Article 14(5)(a)(i) extend the scope of the right set out in Article 14(1) to (4) of the protected initial variety to essentially derived varieties. Therefore, if variety A is a protected initial variety, the acts included in Article 14(1) to (4) concerning essentially derived varieties require the authorization of the titleholder of variety A. In this document the term "commercialization" is used to cover the acts included in Article 14(1) to (4). Thus, when there is a plant breeder's right on both the initial variety (variety A) and an essentially derived variety (variety B), the authorization of both the breeder of the initial variety (variety A) and the breeder(s) of the essentially derived variety (variety B) is required for the commercialization of the essentially derived variety (variety B).

10 Once the plant breeder's right of the initial variety (variety A) has ceased, the authorization of the breeder of the initial variety is no longer required for the commercialization of variety B. In such a situation, and if the plant breeder's right of the essentially derived variety is still valid, only the authorization of the breeder of the essentially derived variety would be required for the commercialization of variety B. Furthermore, if the initial variety was never protected, only the authorization of the breeder of the essentially derived variety would be required for the commercialization of variety B.

Summary

11 Figures 3 and 4 provide a summary of the situation described above. It is important to note that the scope of the breeder's right is only extended to essentially derived varieties in respect of a protected initial variety. In that regard, it should also be noted that a variety which is essentially derived from another variety cannot be an initial variety (see Article 14(5)(a)(i)). Thus, in figure 3, the rights of Breeder 1 extend to EDV "B", and EDV "C" and EDV "Z". However, although EDV "C" is predominantly derived from EDV "B", Breeder 2 has no rights as far as EDV "C" is concerned. In the same way, Breeders 2 and 3 have no rights as far as EDV "Z" is concerned. Another important aspect of the provision on essential derivation is that no rights extend to essentially derived varieties if the initial variety is not protected. Thus, in figure 4, if variety "A" was not protected or if variety "A" is no longer protected (e.g. because of expiration of the period of protection, or cancellation or nullification of the plant breeders' rights), the authorization of Breeder 1 would no longer be required to be able to commercialize varieties "B" and, "C" and "Z".

Figure 3: Initial Variety protected and EDVs protected

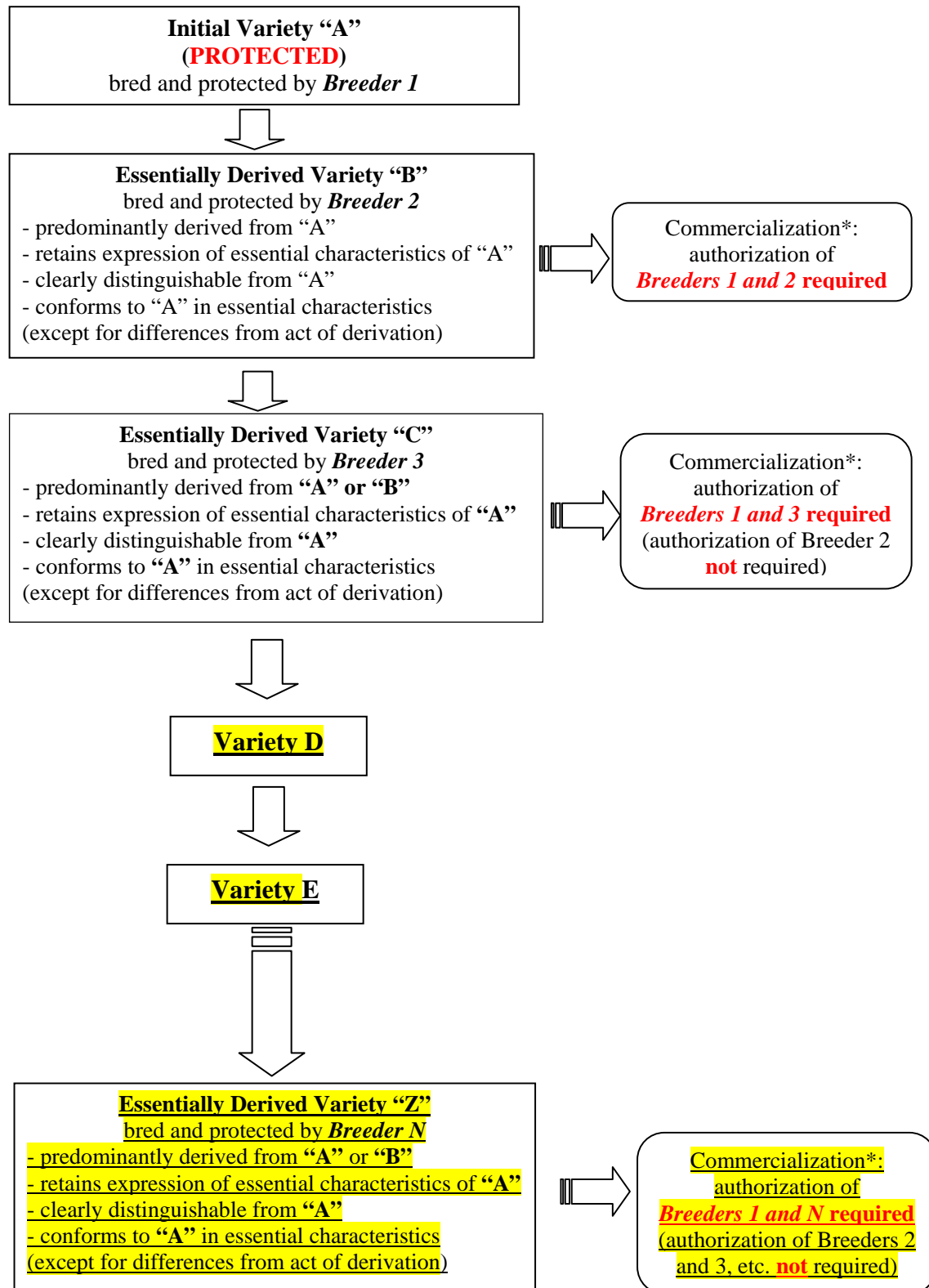
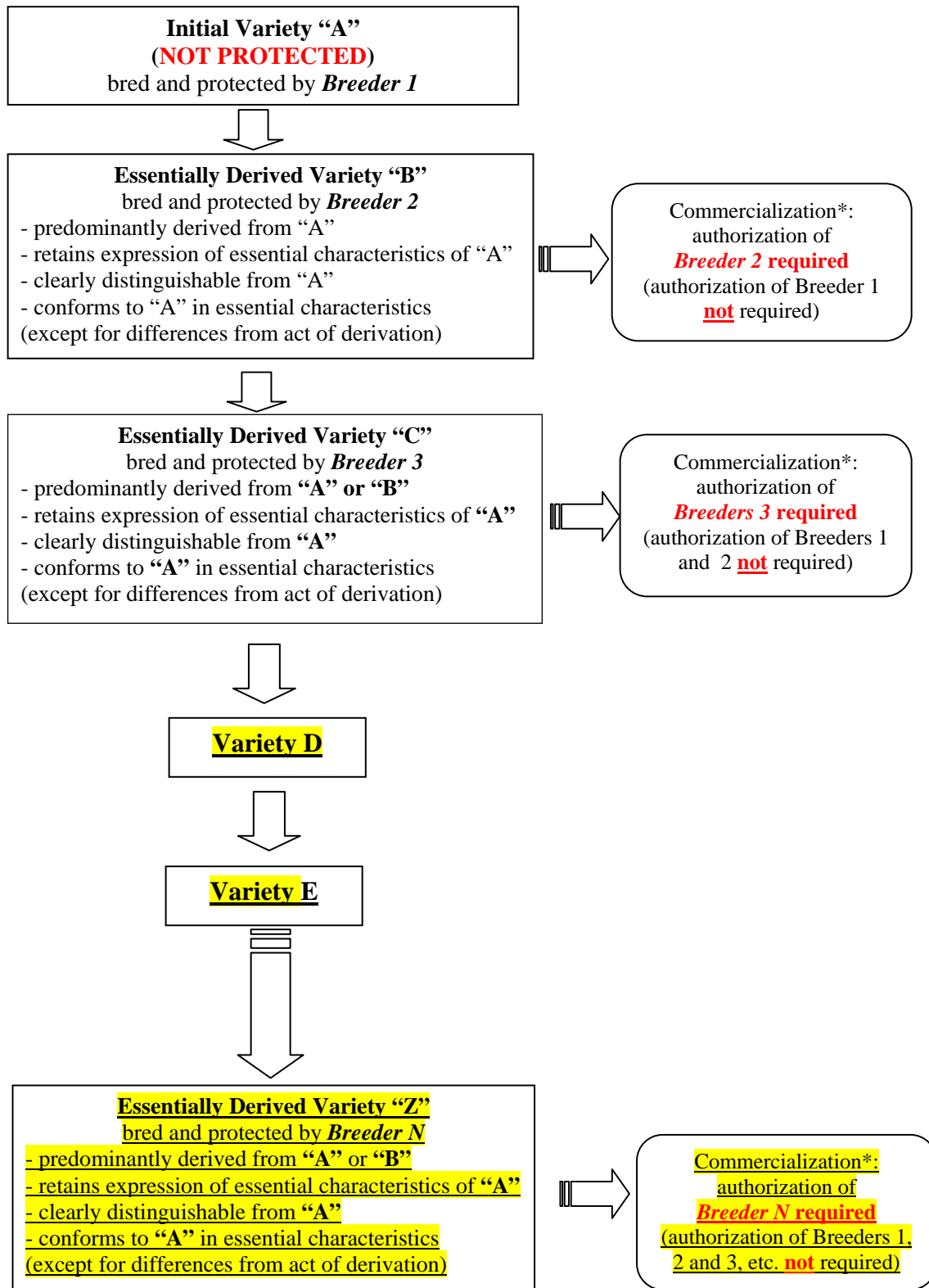


Figure 4: Initial Variety NOT protected and EDVs protected



[Annex III follows]

ANNEX III

CONTRIBUTION FROM JAPAN IN REPLY TO CIRCULAR E-1168

Dear UPOV Secretariat,

I'm pleased to send you the issue, regarding the Matters Arising after Grants of Plants Breeder's Rights in Japan.

Under the circumstances in Japan, we don't have any suitable examples regarding the Matters Arising after Grants of PBR.

However, we are wondering if the matter of EDV corresponds to the request in light of the matter arising after the grant of PBR.

We are sending the attached file for the matter of EDV as one example and concern.

I would appreciate it if you could address our request in an appropriate place of the UPOV.

Best Regards,

Shunsuke SARAGAI (Mr.)
Intellectual Property Division
Agricultural Production Bureau
Ministry of Agriculture, Forestry, and Fisheries (MAFF) of JAPAN

The matters arising after the grant of a breeder's rights in Japan

“The matters concerning the EDV (the variety essentially derived from the initial variety)”

A breeder in Japan who used to get PBR (plant breeder's rights) of EDV was informed by the partner company in Netherlands that the PBR of initial variety could protect the EDV without PBR of itself. Therefore, he intends to exercise his rights of the EDV only through the PBR of initial variety and to show the status of EDV not to make confusion.

At this situation if there are no appropriate criteria of the EDV, anyone can't say whether the variety is EDV or not, and then its holder can't exercise his rights of the EDV appropriately. And if there are no system to show in public that the EDV is under the PBR of the initial variety, many people may infringe the rights without notice of the rights.

So we think it is necessary for the authorities of PVP to create the criteria and the system.

Furthermore, we are concerned that it would cause chaos in the field to exercise the PBR by making use of the regulation of EDV. The reasons are as follows.

The EDV itself is not examined under the Plant Variety Protection and Seed Act of Japan and defined only by the way of breeding and distinctness from the initial variety. That means it is not necessary for the EDV to meet the conditions (distinctness, uniformity, stability, novelty etc) which are needed for the PBR registration. Moreover, the information (holder's name, date of grant, duration, exhaustion etc) of the rights of the EDV are not published.

Therefore, we think it is necessary for the authorities to examine the EDV, grant the rights to it and administrate the registration list of the EDVs.

For that reason, we would like to know the experiences in other member countries (for example, Netherlands), such as some judgments of the court, some concrete laws and regulations concerning the rights of the EDV and how the holder of the EDV exercises his rights.

*The rights of the EDV mean the rights generated by the PBR of initial variety.

[End of Annex III and of document]