

## JAPAN

### INFORMATION AND PROPOSALS FROM JAPAN IN RESPONSE TO UPOV CIRCULAR E-21/228

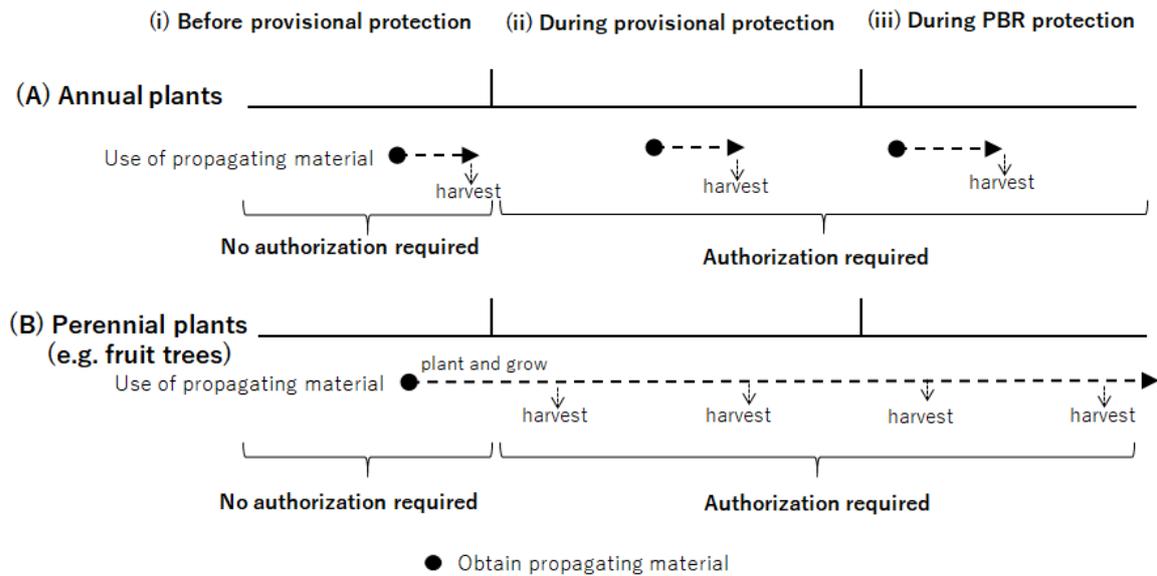
Subject : Proposals for the revision of relevant Explanatory Notes for consideration by the Working group on harvested material and unauthorized use of propagating material (WG-HRV)

**(i) “unauthorized use of propagating material”, particularly in relation to fruit trees**

Article 14(2) of the 1991 Act of the UPOV Convention requires that, in order for the breeder’s right to extend to acts in respect of harvested materials, the harvested material must have been obtained through the **unauthorized use** of propagating material, **and** that the breeder must not have had **reasonable opportunity** to exercise his right in relation to the said propagation material.

The Explanatory Notes on Acts in respect of Harvested Material under the 1991 Act of the UPOV Convention (UPOV/EXN/HRV/1) explains that “Unauthorized use” refers to the acts in respect of the propagating material that require the authorization of the holder of the breeder’s right in the territory concerned (Article 14(1) of the 1991 Act), but such authorization was not obtained.

A question is raised on whether the term “**use of propagating material**” covers continued “**planting and growing (cultivation)**” of the propagating material which is beyond the acts listed in Article 14(1)(a) (i) to (vii). This is important particularly for the fruit tree cases where propagating material was obtained during the period of no protection, and the cultivation of the propagating material continues to take place to produce fruits during the period of protection (including provisional protection). These situations are illustrated below.



As illustrated, in the case of for annual plants (A), the breeder can exercise his right every time grower obtains or reproduces propagating materials, once the protection is provided.

On the other hand, in case of perennial plants, such as fruit tree (B), the breeder would not have any opportunity to exercise his right over propagating material, if the grower planted and grew the propagating material which was obtained before the protection was provided (before the authorization is required). Under such circumstances, it is important for the breeder to exercise his right over harvested material that would be obtained over the years through the use (planting and growing, i.e., cultivation) of the propagating material after the protection is provided. In this case, "use of propagating material" should cover the meaning 'planting and growing (cultivation)' which is not included in the acts listed in Article 14(1)(a) (i) to (vii).

This case happens when the varieties are brought to overseas against breeders' will. Especially on fruit trees applying to overseas, a variety shall be deemed to be new within 6 years after its release to domestic market. During that 6 years, a breeder usually conducts market research in order to decide whether to start business with his variety in the overseas market. If the breeder decides to apply for PVP in the foreign countries on his variety, he starts to prepare for application, but procedure of application is different from each authority. (language, attachment files, payment process, and so on) It usually takes several years to file the PVP application abroad after its release to the domestic market. This is why the UPOV Convention prescribes the longer period of time as the criteria of Novelty in a case the variety was transferred in a foreign country than in a case the variety was transferred inside the country.

Although a breeder has a reasonable reason to take time to file the application in foreign countries, the variety is in danger of outflows to overseas which are against his will during this period. For example, “the material of a protected fruit variety whose plant breeder’s right is granted in country A” is brought to country B where breeder’s right of that fruit variety is not yet applied or is not yet granted. Then, the material could be freely reproduced and is used to produce fruits (harvested material) for many years even after the right is granted in country B.

If the scope of ‘unauthorized use’ is limited only to the acts as listed in Article 14(1)(a)(i) to (vii) as in the Explanatory Notes (UPOV/EXN/HRV/1), the breeder would not be able to do anything to exercise his right to safeguard his legitimate interests for fruit tree cases, as a result, the breeder would lose the chance to recover his breeding investment.

So, it is very important to focus on this matter, and to aware that current scope of Plant Breeders’ Right on Harvested Material is too narrow.

**(ii) proposals on how to elaborate the term “unauthorized use of propagating material”.**

Given the issue mentioned (i), above, Japan would like to propose that wording of ‘use’ should be clearly explained in paragraph 5 and 7 of the UPOV/EXN/HRV/1, as provided in **[Annex]** to this document, as such, ‘**use**’ in Article 14(2) of the 1991 Act covers meaning of **‘planting and growing (cultivation)’** of the propagating material, in addition to the ‘acts’ of the Article 14(1)(a)(i) to (vii), particularly in case of fruit trees.

This proposal is supported by the following evidence:

(a) It is clear that there is different meaning between ‘acts’ listed in the Article 14(1)(a)(i) to (vii) and ‘use’ referred to in Article 14(2) because obtaining (production) of harvested material from propagating material would be carried out not only by the ‘acts’ of the Article 14(1)(a)(i) to (vii) but also by such acts ‘planting and growing (cultivation)’ of the propagating material, as illustrated in (i), above. In this context, subjects of two verbs ‘acts’ and ‘use’ are different, i.e., the subject of ‘acts’ of the Article 14 (1)(a)(i) to (vii) would be mainly propagators while subject of “use of propagating material” would be mainly growers;

(b) Since the UPOV Convention stipulates both ‘use’ and ‘acts’ in the same provision in Article 14(2), the definition and scope of these two terms should be different. In other words, If the “unauthorized use” is equal to unauthorized acts referred to in items (i) to (vii) of paragraph (1)(a) in its meaning, the term ‘acts’ should be used instead of the term “use” in the UPOV Convention. In other part of the Convention, the term “use” is used, reading “varieties whose production requires the repeated use of the protected variety”

(Article 14(5)(iii)), whose meaning is mainly ‘planting and growing (cultivation) and crossing.’ It is natural to understand that the term “use” has similar meaning in the UPOV Convention;

(c) At the Diplomatic Conference for the Revision of the UPOV Convention in March 1991 (Geneva), its Working Group on Article 14(1)(a) and (b) has agreed “obtained through unauthorized use of propagating material” with the understanding that it means ‘provided that the breeder had not authorized the use of propagating material for the purpose of producing that harvested material’; and

***Summary Minutes of the Plenary Meeting of the Diplomatic Conference, Records of the Diplomatic Conference for the Revision of the International Convention for the Protection of New Varieties of Plants - Geneva 1991 (UPOV/PUB/346)***

*1529.4 (Continued from 954) Concerning Article 14(l)(b), the Working Group had been conscious of the fact that the decision had been taken to remove the square brackets from the last clause appearing in the Basic Proposal. It therefore proposed a system in which the harvested material of the protected variety could be the basis of a royalty collection where two conditions were met: (i) that the breeder had not authorized the use of propagating material for the purpose of producing that harvested material: and (ii) that the breeder had had no reasonable opportunities to exercise his right in relation to the propagating material.*

(d) Assuming that “unauthorized use” is equal to “unauthorized acts referred to in items Article 14(1)(a)(i) to (vii)” in its meaning, the breeder cannot exercise his right over harvested material in a such case where a person who had authorization to use the propagating material for conditioning purpose only (which is the act of Article 14(1)(a)(ii)) but he planted and grew the propagating material to produce harvested material without consent of the breeder. This is because there existed no unauthorized acts listed in the Article 14(1)(a)(i) to (vii) were carried out by the said person in respect of the propagating material.

[Annex follows]

## Annex : Proposal from Japan for the Revision of UPOV/EXN/HRV/1

**Underlining (highlighted in grey)** indicates insertion to the text of document UPOV/EXN/HRV/1, proposed by Japan

### EXPLANATORY NOTES ON ACTS IN RESPECT OF HARVESTED MATERIAL UNDER THE 1991 ACT OF THE UPOV CONVENTION (UPOV/EXN/HRV/1)

#### ACTS IN RESPECT OF HARVESTED MATERIAL

##### (a) Relevant article

1. Article 14(2) of the 1991 Act requires that, in order for the breeder's right to extend to acts in respect of harvested material, the harvested material must have been obtained through the **unauthorized use** of propagating material **and** that the breeder must not have had **reasonable opportunity** to exercise his right in relation to the said propagating material. The following paragraphs provide guidance in relation to "unauthorized use" and "reasonable opportunity".

##### (b) Harvested material

2. The UPOV Convention does not provide a definition of harvested material. However, Article 14(2) of the 1991 Act refers to "[...] harvested material, *including entire plants and parts of plants*, obtained through the unauthorized use of propagating material of the protected variety [...]", thereby indicating that harvested material includes entire plants and parts of plants obtained through the use of propagating material.

3. The explanation that harvested material includes entire plants and parts of plants, which is material that can potentially be used for propagating purposes, means that at least some forms of harvested material have the potential to be used as propagating material.

##### (c) Unauthorized use of propagating material

##### *Acts in respect of propagating material*

4. "Unauthorized use" refers to the acts in respect of the propagating material that require the authorization of the holder of the breeder's right in the territory concerned (Article 14(1) of the 1991 Act), but where such authorization was not obtained. Thus, unauthorized acts can only occur in the territory of the member of the Union where a breeder's right has been granted and is in force.

5. With regard to "unauthorized use", Article 14(1)(a) of the 1991 Act of the UPOV Convention states that "Subject to Articles 15 [Exceptions to the Breeder's Right] and

16 [Exhaustion of the Breeder's Right], the following acts in respect of the propagating material of the protected variety shall require the authorization of the breeder:

- (i) production or reproduction (multiplication),
- (ii) conditioning for the purpose of propagation,
- (iii) offering for sale,
- (iv) selling or other marketing,
- (v) exporting,
- (vi) importing,
- (vii) stocking for any of the purposes mentioned in (i) to (vi), above.

In relation to "unauthorized use" of propagating material, the acts such as planting and growing (cultivation) the propagating material of the protected variety for the purpose of producing harvested material would also require the authorization of breeder.

Thus, subject to Articles 15 and 16, "unauthorized use" refers to the acts listed in (i) to (vii) above in respect of propagating material and the relevant acts such as planting and growing (cultivation) the propagating material for the purpose of producing harvested material in the territory concerned, where such authorization was not obtained.

6. For example, in the territory of a member of the Union where a breeder's right has been granted and is in force, unauthorized export of propagating material would be an unauthorized act.

### ***Conditions and limitations***

7. Article 14(1)(b) of the 1991 Act of the UPOV Convention further states that "[t]he breeder may make his authorization subject to conditions and limitations". Thus, subject to Articles 15 and 16, "unauthorized use" also refers to the acts listed in Article 14(1)(a) (i) to (vii) and the relevant acts that are not undertaken in accordance with the conditions and limitations established by the breeder.

For example, if the breeder puts conditions and limitations to produce harvested material in authorizing his right in respect of propagating material, the production of harvested material would be an unauthorized use.

8. Document UPOV/EXN/CAL "Explanatory Notes on Conditions and Limitations Concerning the Breeder's Authorization in Respect of Propagating Material under the UPOV Convention", provides guidance concerning the conditions and limitations to which the breeder's authorization may be subject, for acts in respect of propagating material under the UPOV Convention.

### ***Compulsory exceptions to the breeder's right***

9. Document UPOV/EXN/EXC “Explanatory Notes on Exceptions to the Breeder’s Right under the 1991 Act of the UPOV Convention”, Section I “Compulsory Exceptions to the Breeder’s Right”, 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. “Unauthorized use” would not refer to acts covered by Article 15 (1) of the 1991 Act of the UPOV Convention.

### ***Optional exception to the breeder's right***

10. Article 15(2) of the 1991 Act of the UPOV Convention [Optional exception] states that “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 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)”. Document UPOV/EXN/EXC “Explanatory Notes on Exceptions to the Breeder’s Right under the 1991 Act of the UPOV Convention”, Section II “The Optional Exception to the Breeder’s Right”, provides guidance on the optional exception provided in Article 15 (2) of the 1991 Act of the UPOV Convention.

11. Where a member of the Union decides to incorporate this optional exception into its legislation, “unauthorized use” would not refer to acts that were covered by the optional exception. However, subject to Articles 15(1) and 16, “unauthorized use” would refer to acts that were included in the scope of the breeder’s right and were not covered by the optional exception in the legislation of the member of the Union concerned. In particular, “unauthorized use” would refer to acts that did not comply with the reasonable limits and the safeguarding of the legitimate interests of the breeder provided in the optional exception.

### **(d) Reasonable opportunity to exercise his right**

12. The provisions under Article 14(2) of the 1991 Act mean that breeders can only exercise their rights in relation to the harvested material if they have not had a “reasonable opportunity” to exercise their rights in relation to the propagating material.

13. The term “his right”, in Article 14(2) of the 1991 Act, relates to the breeder’s right in the territory concerned (see paragraph 4 above): a breeder can only exercise his right in that territory. Thus, “exercise his right” in relation to the propagating material means to exercise his right in relation to the propagating material *in the territory concerned*.

[End of Annex and of document]