

JAPAN

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Harvested Material : The Problems arising from current EXN

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Ministry of Agriculture, Forestry and Fisheries of JAPAN

The Scope of breeders rights on Harvested Material under the current Explanatory Note

UPOV/EXN/HRV/1 page 5

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.

Thus, subject to Articles 15 and 16, “unauthorized use” refers to the acts listed in (i) to (vii) above in respect of propagating material in the territory concerned, where such authorization was not obtained.

- The **Breeder can only enforce his/her right on harvested material, where there is an infringement of the use (unauthorized use) of propagating material** listed in UPOV Article 14 (1)a **in the territory** of the country concerned.

The scope of protection for harvested material under the current EXN



A stolen propagating material

Nursery : Produces propagating material WITHOUT authorization



The Breeder did not have any reasonable opportunity to exercise his right to the propagating material

Producers: Plants and Harvests products and sells in market



For the breeder to exercise his rights on harvested material , **the material would have had to escaped his control once.**

Outside the Scope of Protection under the current EXN

Breeder A in Country A: Authorizes Y to sell propagating material of flower variety AA

X buys propagating material and exports to country X

Flower Variety AA is protected in both country A and X



Nursery in country X buys propagating material and reproduces propagating material **without the authorization** of breeder A

No exhaustion



Producers in Country X: Plants and Harvests products

Importation into Country A

The Breeder in Country A did not have any reasonable opportunity to exercise his/her right to the propagating material in country X



Legally, there is **NO infringement** at propagating stage in Country A

The breeder cannot exercise his/her rights on the importation of harvested material because s/he is NOT entitled to authorize import of harvested material **unless there was infringement of the use of propagating material** in the territory.

Outside the Scope of Protection under the current EXN

Breeder A in Country A: Authorizes Y to sell propagating material of flower variety AA

X buys propagating material and exports to country X

Flower Variety AA is protected in country A but is filing for application in country X



Nursery in country X buys propagating material and reproduces propagating material **without the consent** of breeder A

No exhaustion



Producers in Country X: Plants and Harvests products

Importation into Country A

The Breeder in Country A did not have any reasonable opportunity to exercise his/her right to the propagating material in country X



Legally, there is **NO infringement** at propagating stage in Country A

The breeder cannot exercise his/her rights on the importation of harvested material because s/he is NOT entitled to authorize import of harvested material **unless there was infringement of the use of propagating material** in the territory.

Outside the Scope of Protection under the current EXN

Breeder A in Country A: Authorizes Y to sell propagating material of flower variety AA

X buys propagating material and exports to country X

Flower Variety AA is protected in country A but Country X does not have protection



Nursery in country X buys propagating material and reproduces propagating material **without the consent** of breeder A

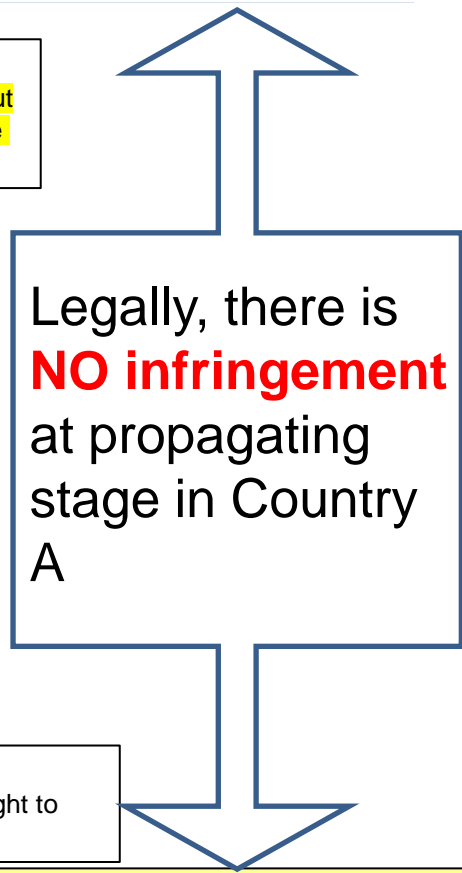
No exhaustion



Producers in Country X: Plants and Harvests products

Importation into Country A

The Breeder in Country A did not have any reasonable opportunity to exercise his/her right to the propagating material in country X



The breeder cannot exercise his/her rights on the importation of harvested material because s/he is NOT entitled to authorize import of harvested material **unless there was infringement of the use of propagating material** in the territory.

Conundrum of the current EXN



The current EXN, the UPOV Convention, while having a clause on harvested material, basically declares that **the breeder does not have any legal basis to directly authorize or condition production on harvested material.**

Someone Buys and Plants and Harvests products and sells in market



All authorization and condition of harvested material without infringement is unprotected by the law.

Serious Implications of the current EXN

- The EXN stipulates **that enforcement of rights against the production of harvested products is possible only when there is an infringement of rights in the act of using the propagating material, which use, is further, assumed to be irrelevant to the production of harvested products due to a lack of explanation** in EXN.
- This defies current licensing practices, where harvested products are the object of the license. **All authorization and condition of harvested material without infringement is unprotected by the Convention.**
- Moreover, this stipulation creates an absurdity where rights to harvested products can be enforced **only** when there is an act completely unrelated to the production of harvested products. Basically admitting that **it is very much impossible to enforce right on harvested material with Article 14 (2)**.
- This would particularly devastating for the perennial plants, like fruit trees, as their product would be harvested over a very long period of time.

The intention of the fathers of the 91 Convention

UPOV Article 14 (2) stipulates that one needs an authorization from the breeder to produce harvested material if one had not received it yet, and under the condition that the breeder did not have the reasonable opportunity to exercise his right at an earlier stage.

- Article 14(2) of the UPOV Convention was proposed in order to specifically address the problem that the 78 Convention does not provide sufficient enforcement of rights over harvested products
- Against this problem setting, the Diplomatic Conference of the 91 Convention, concluded that the two conditions for a breeders right to extend to harvested material was, (1)that the breeder had not authorized the use of propagating material for the purpose of producing that harvested material and (2)that the breeder had had no reasonable opportunities to exercise his right in relation to the propagating material.
- Article 14(2) only reiterates that, an authorization for the production of a harvested material would be required, had the authorization not been given for the harvested material at the propagating stage.
- It is quite contrary, even offensive to the decisions of the founders, to interpret this article that authorization for harvested material possible, only after an infringement of the propagating material takes place.

The Scope of Article 14(1)

- The interpretation of EXN is supported by a court case that explains, that because the drafting fathers of the convention explicitly excluded the use of the propagating material for the purpose of harvested material out of the scope of the primary protection, that the meaning of “production” of propagating material would not include the idea of the production of harvested material.
- “953. Mr. BURR (Germany) wished once more to explain the purpose of the proposal made by his Delegation, that had the same content as that of the Delegation of the United States of America. In his view, there was agreement that authorization also implicitly covered the production of harvested material if the breeder had authorized the production and sale of propagating material.
- However, the reason behind the “exclusion” of the use of propagating material purpose of producing harvested material, was specifically because the delegations understood that an authorization of a production or the sells of a propagating material would in most cases, include the purpose of producing the harvested material.
(para953,958)

The Scope of Article 14(1)

- Rather, by adding an independent clause requiring an authorization for the use of propagating material to produce a harvested material would imply that user would need to receive multiple authorizations for the same propagating material, thus the addition would extend the breeders rights beyond what was needed to address the problem. (para 1529.2)
- “1529.2 Following the suggestion, made by the Delegation of the United Kingdom in Plenary, to insert in Article 14(1)(a) a provision on the use of propagating material for the purpose of producing harvested material, many Delegations had pointed out that such a provision would extend the scope of Article 14(1)(a) beyond that which was needed to address the problem, and would therefore require a subsequent limitation. To give a suitable wording to that limitation had been found to be very difficult and the Working Group therefore decided unanimously that it was better to tackle the problem in Article 14(1)(b).

The principle of exhaustion, is the idea that the right holder should not be able to receive the benefit of the product twice, when the right **holder had the chance at the point of sales to recuperate any benefits that may arise from that product after the sales.**

The principle supports the idea that Article 14 (1) should encompass the authorization on the act of producing harvested material. As the denial of that, would also deny that the right holder, any chance to recuperate the benefits(production of harvested material) that is expected to arise from the sales of a propagating material.

Article 14(1)b: Provision on Conditions and Limitations

- Moreover, the Delegation has agreed to include a provision allowing right holders to impose conditions or restrictions(para. 1529.3), in light of the issue of harvested material.
- “1529.3 The discussion on this issue had raised the question of whether or not the provision of Article 5(2) of the 1978 Act of the Convention should be included in the revised Convention. That provision made it clear that the breeder, in giving his authorization, may put conditions and limitations on the licences granted. The Working Group thought that it was useful to include that provision in Article 14(1)(a), particularly as the WG-HRV/2/2 Annex, page 59 Conference had decided to delete Article 14(1)(a)(viii) and had therefore restricted the list of acts subject to authorization under Article 14(1)(a).
- These conditions that targets the production of harvested material, cannot be imposed unless the act of production of the harvest is included in the original act of granting the license. This also reinforces the interpretation that the acts listed in Article 14 (1) a of the UPOV Convention shall be deemed to include the act of utilization of the propagating material for the purpose of production of the harvested products.

The conclusions of the Interpretation of Article 14(2)

- “1529.4 (Continued from 954) Concerning Article 14(1)(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.

Therefore, it must be understood that direct authorization of the production of harvested material **can be given as part of or excluded from the authorization of the act listed in the Article 14(1)(a).**

Article 14(2), says that subject to subject to Article 15 and 16, **authorization to produce a harvested material would be required, had the authorization not been given at the propagating stage (based on Article 14(1)),** and that the breeder had not had the reasonable opportunity to enforce his right at the propagating stage.

Article 14(2) protects, cases where the breeder did not have the opportunity to authorize any acts in relation to propagating material (not exhausted) and thus the user have not received authorization for the production of harvested material.

The scope of Article 14(2)

UPOV Article 14 (2) stipulates that harvested material that require authorization is “entire plants and parts of plants.” This is an emphasis to showcase that this particular article has a specific focus, which is ornamental and fruit trees, that are highly susceptible to a weak protection scheme of harvested material.

- “1010.2 ··· His Delegation (Germany) agreed that a ruling would have to be found in the area of cut flowers and fruit to avoid the present abusive situation. In order to do so, it would be necessary, in particular, to forbid any acquirer of plants from carrying out propagation on his own holding. The Delegation had assumed that the Basic Proposal had covered that matter. Should such not be the case, then it was willing to reflect again on the wording of subparagraph (b) and to consider an addition such as that proposed in document DC/91/97 by the Delegation of Denmark. Indeed, the term ‘parts of plants’ in respect of ornamentals and fruit trees was perhaps a better expression than ‘harvested material.’”

Problems arising from current EXN and “unauthorized use”

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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.

Thus, subject to Articles 15 and 16, “unauthorized use” refers to the acts listed in (i) to (vii) above in respect of propagating material in the territory concerned, where such authorization was not obtained.

- The Diplomatic Conference of the 91 Convention, has concluded that, it would require that the breeder had not authorized the use of propagating material for the purpose of producing that harvested material for a breeders right to extend to harvested material.
- However, in the current explanatory note, it does not say this, nor is it clear where that authorization is stipulated.

Proposal for the revision on EXN and “unauthorized use”

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4. “Unauthorized use” in relation to harvested material, refers to the use of propagating material for the purpose of producing that harvested material without the authorization of the breeder. These include the notion of planting and ongoing cultivation of the propagating material of the protected variety for the purpose of producing harvested material

5. Authorization of the use of the propagating material for the purpose of producing a harvested material, can be given as part of or excluded from the authorization of the following act listed in the Article 14(1)(a)

- (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.

Conditions and limitations on the methods and areas of the production of harvested material can be stipulated in relation to these authorization.

6. Article 14 (2) stipulates that, subject to Article 15 and 16, authorization to produce a harvested material would be required, had the authorization not been given at the propagating stage (based on Article 14(1)), and that the breeder had not had the reasonable opportunity to enforce his right at the propagating stage.

7. “Entire plants and parts of plants” implies that Article 14(2) would be particularly important for fruit trees and ornamentals.

Cases in which, “authorization to produce a harvested material had not been given at the propagating stage (based on Article 14(1)). ” include at least, the follows

- Involve 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 genus or species to which the variety belongs, except where the exported material is for final consumption purposes, but then subsequently is imported into the originating country.
- A stolen variety that has been planted and harvested

The Cascade principle of the 91 Convention

- The principle of cascade is a principle proposed by Japan (Diplomatic Record, para. 916) to ensure that rights are exercised with a certain degree of moderation in conjunction with the consideration of expanding the exercise of rights to harvested products.
- If a right holder had a reasonable opportunity to exercise his/her rights at the propagating stage and did not, but then was subsequently allowed to exercise his/her rights at the harvest stage, it would cause disruption to production and distribution, and therefore, a requirement was imposed to clarify that the right holder should exercise his/her breeder's right at the propagating stage as much as possible.
- The right holder would not have had a reasonable opportunity to enforce his rights if he did not have the knowledge of the unauthorized use of the protected variety and that the breeder was not able to legally enforce his rights through license contracts.