



In advance via e-mail

Mr. Sean Applegate
Secretariat
Advisory Council on Intellectual Property
PO Box 200
WODEN, ACT 2606

AUSTRALIA

Administrative office:
Rothenbaumchaussee 78
D-20148 Hamburg
Germany

Phone: +49 40 555 63 702
Fax: +49 40 555 63 703
E-Mail: info@ciopora.org
Internet: www.ciopora.org

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CIOPORA additional comments on the Review of Enforcement of Plant Breeders' Rights (PBR)

Dear Mr. Applegate,

CIOPORA, representing the interests of breeders of vegetatively reproduced ornamental and fruit varieties, which count for approximately 65 – 75% of the PBR applications in Australia, is pleased to contribute further to the review of enforcement of PBR in Australia. We would like to share the following additional comments and proposals to the OPTIONS PAPER "A review of enforcement of Plant Breeders' Rights" of June 2008.

1. Rights granted and exceptions to the right

In its previous paper CIOPORA has not commented on the rights granted and their exceptions, as this is usually not discussed in regard to *enforcement*. It goes without saying that only such rights can be enforced which have been granted, i.e. which are covered by the PBR.

As the issues "rights granted" and "exceptions" are discussed in the options paper we now comment on it.

1.1 The scope of right

A PBR law can be considered to be an "effective" *sui generis* system of protection for plant varieties within the meaning of Article 27 (3) (b) of the TRIPS Agreement only if it gives breeders rights which are at least equivalent to those available to a product patent under the patent system.

The main ambition of the breeders of ornamental and fruit varieties is to create new varieties of pot plants, cut flowers and fruit. Breeders of such varieties must be able to exercise their right (and notably collect their royalties) at the stage where the added value of the variety is normally expressed – which is the end-product *per se* for most cut flowers and fruit varieties. Thus, the essence of protection for such categories of

new products must bear on the **manufacture (reproduction / propagation), offering for sale, sale, exporting, importing and USE for commercial purposes** of the whole protected variety, including harvested material and products made from harvested material. Contrary to seeds, any protection for vegetatively-reproduced plants falling short of such a scope is not sufficient.

This would also include the removal of the notion of “reasonable opportunity” from Article 14 and 15 of the PBR-law. This notion does not only cause confusion, but also limits the right of the breeders unreasonably. Such removal would be consistent with the UPOV 1991 Act, which establishes a *minimum* set of rights for breeders, but not a maximum.

1.2 Essentially Derived Varieties

In addition to the comments in our letter of 11 May 2007 we attach the CIOPORA Position Paper on Essentially Derived Varieties of January 2008 and a side-letter. The position paper provides for a clear and practicable solution for EDV cases in the area of vegetatively reproduced ornamental and fruit varieties. Shifting the responsibility for the EDV declaration from the PBR Office to the breeders respectively the courts would not lead to higher costs, as the question, if a variety is an EDV or not, can be easily answered on the basis of the CIOPORA position paper.

1.3 The provisional protection

Growers usually aim to obtain access to new varieties as soon as possible in order to reap the benefits of the improved characteristics of such varieties. In return, the breeder of the new variety must be in the position to control the exploitation of his variety, i.e. to grant licenses and to stop “infringers”, even before the protection title is granted. Otherwise there would be no incentive for the breeder to make his new variety available to the public prior to the grant of the title.

It is, therefore, necessary to provide the breeder of a new variety with an effective mechanism to control his variety between the application and the grant of the title, in particular in the sector of fruit trees, where the period between the application and the grant is very long. Additionally, it has to be taken into account that because of high economic pressure breeders often are forced to start the exploitation of their new varieties even before they apply for protection, i.e. within the one-year-period in the territory or within the four/six year period outside the territory¹. In many cases a variety therefore will have its first commercial peak far before the grant of the title.

If the breeder cannot control his variety at this stage, this is not only negative for the breeder. Also growers, who co-operate with the breeder, face a situation of unfair competition by those, who exploit the new variety without such co-operation.

We understand Article 39 of the current PBR law that the breeder has been granted a right equal the right of the title-holder, but is not in the position to enforce it unless the title is granted. This is obviously not effective. If the breeder cannot immediately claim compensation from an “infringer”, he may lose his claim completely, if e.g. the “infringer” files for bankruptcy².

CIOPORA, therefore, supports the New Zealand model, which seems to provide effective protection in this regard.

¹ See Article 43 paragraph (1) (e) in combination with paragraph (6) of the current PBR law

² We heard anecdotal evidence that growers purposely file for bankruptcy in order to escape the claim of the breeder, and afterwards establish a new company with the same “business model”.

1.4 The farmers' exception

CIOPORA points out that the so called Farmers' Exception has been admitted by UPOV under strictly limited conditions only for seed species grown by farmers and not in the horticultural sectors (see the *Recommendation relating to Article 15 (2) published in the Final Draft of the 1991 Act of the UPOV Convention* and the recently published UPOV document CAJ/50/3, No. 10, 11 and 13).

The strict application of the farmers' exceptions leads to a situation where a grower could buy a few plants of a cut rose or apple variety and could use them and propagate as many new true-to-type plants as he wanted on his own holdings with a view to selling cut flowers or fruit. This does obviously not safeguard the legitimate interest of the breeders of vegetatively reproduced ornamental and fruit varieties. Thus, the farmers' exception applicable for vegetatively reproduced ornamental and fruit varieties does not comply with the before mentioned articles of the UPOV 1991 Convention and the TRIPS Agreement. In most of the UPOV members to the 1991 Act the farmers' exception therefore is limited to (selected) agricultural crops.

CIOPORA strongly recommends either to remove the farmers' exception completely or at least to limit it to agricultural crops, as it is the case e.g. in the European Community.

2. Procedure

2.1 Jurisdiction

Plant Breeders' Rights law is – due to the specialities of the material incurred – difficult and to judge about such cases it needs special knowledge in said matter. Thus, it is advisable to direct Plant Breeders' Rights court cases to selected courts which are specialised in Plant Breeders' Rights law or at least to courts that already are established for patent infringement cases because of similar experience in industrial property. This guarantees a unitary and qualified case law.

In regard to the costs CIOPORA is of the opinion that quality in jurisdiction is more important than low costs. Additionally, CIOPORA has doubts whether a shift of jurisdiction will result in significant lower costs, as the biggest part of such costs, costs for the pre-enforcement (e.g. collecting evidence) and the lawyers advice, will not change.

2.2 Customs provisions

CIOPORA repeats the importance of an effective border control for the enforcement of Plant Breeders' Rights, in particular as in the course of the globalisation the international trade with plant material has increased significantly and will continue to do so. In this regard it is important to know that Australia is a consuming region for flowers and fruit and increased imports from newly industrialised or developing countries can be expected, mainly from Asia, but also from Africa.

In the week before Valentines Day 2008 (4 – 11 February 2008) CIOPORA co-ordinated a joint action of 15 cut-rose breeding companies in the European Community for imports of cut-roses from four target countries. Please find the press release attached.

Prior to the action the 15 breeding companies had applied for customs action for altogether ca. 160 cut-rose varieties. Six major airports in the European Community were involved. Customs officers from these airports and from the European Commission have been invited to a seminar on the specialities of the ornamental

business. The breeders have provided the customs authorities with details of their varieties, including lists of suspicious importers, traders and growers from the target countries. By means of these lists the suspicious shipments could be separated. No special expertise of the customs officers was needed at that stage. After the shipments had been separated rose experts identified the varieties and the breeder finally checked whether the import of the flowers was illegal or not. All in all the breeders asked the customs to suspend the release of flowers in 20 cases and in all cases the importer of the roses agreed to destroy them.

In this regard it shall be mentioned that the Australian Quarantine and Inspection Service (AQIS) undertakes huge controls of imported plant material and has a lot of data of importers and growers available (see the [Import Conditions Database - ICON - AQIS](#)). In most cases phytosanitary certificates are required for imported cut-flower consignments, so that the data of the sources of the cut-flowers are available and could be reconciled with the lists of suspicious importers or growers, which the breeders would supply.

CIOPORA would like to repeat that according to Article 30 (1) (i) of the UPOV 1991 Act the member states have to provide for effective measure to enforce the Plant Breeders' Rights. Not providing customs controls would mean non-compliance with the UPOV 1991 Act, as no effective measure for the enforcement of the exclusive right of the breeder to export and import would be provided for.

Additionally, we see no convincing argument that customs controls are provided for trademarks, copyrights and protected Olympic expressions, but not for Plant Breeders' Rights or Patents, which are true intellectual property rights, too. Experience made in the European Community shows that no special expertise on side of the customs is necessary, if co-operation between customs and title-holders and external experts is possible.

2.3 Exemplary damages

As already pointed out in the letter of 11 May 2007 the sanctions in case of an infringement must be deterrent. Damages are not deterrent if they include as a maximum only the amount of the usual royalties or the profit of the infringer. Exemplary damages are deterrent and we see not convincing argument that for an infringement of a patent exemplary damages can be added, but not for an infringement of a Plant Breeders' Right. Thus, a provision similar to Article 122 (1A) of the Patent Act should be included in the Plant Breeders' Rights Act, too.

2.4 End point royalties and variety identification

Both in the ISSUES PAPER and in the OPTIONS PAPER the topics end-point royalty and variety identification are mixed, whereat in the ISSUES paper (point 4.2.9) the technical aspect of variety identification has been discussed and in the OPTIONS PAPER (point 13.2 at the very end) the variety identification is limited to mendacious declaration. As the three topics are not necessarily associated with each other CIOPORA suggests to strictly keep them apart in order to avoid confusion.

a) EPR

Depending on the applicable law it is and shall remain to be in the sole discretion of each single breeder at which level of the value added chain he collects his royalties. CIOPORA supports all efforts to enable the breeder to collect his royalty in form of an EPR.

b) Technical variety identification

We repeat our comments of the letter of 11 May 2007 and would like to add the following: although currently it is not possible to clearly identify a variety by means of DNA-analysis, biotechnology can assist in the enforcement of PBR. In the area of vegetatively reproduced ornamental and fruit varieties a DNA analysis in almost all cases gives a clear picture whether a variety has been developed by way of crossing and selection or is e.g. a mutant or a genetically modified organism (GMO)³. Therefore, CIOPORA recommends in its position paper on EDV (see point 1.2 of this letter) a shift of the burden of proof in case of a high genetic conformity between an initial variety and the supposed EDV. Also in ordinary infringements a DNA-analysis can give a first indication whether the protected variety of the claimant is involved or not. If this indication is positive, however, a phenotypic comparison will be necessary to obtain a final proof.

c) Mendacious declaration

Mendacious declaration is a common behaviour of infringers of PBR. Usually infringers combine the illegal propagation of a protected variety or the unlicensed import of harvested material with the mendacious variety declaration and use either the denomination of a free variety or a fancy name instead of the true denomination of the protected variety. Effective PBR laws provide for civil remedies for such behaviour and consider it as a criminal offence. One must understand that mendacious variety declaration does not only harm the breeder, but also misleads the purchasers.

An effective PBR law, therefore, must provide for the following:

- Any person who howsoever uses a variety (including propagation, production of harvested material, offer or sales of propagating material or harvested material, import and export) is obliged to use the correct variety denomination.
- Infringement of such obligation is subject to civil remedies and, if done purposely, is a criminal offence and in other cases an administrative offence.

3. Increasing awareness

In 2007 CIOPORA has started a communication campaign on the negative effects of infringements of plant breeders' rights. The respective strategy paper is attached. In the framework of this campaign all parts of the value added chain (such as growers, wholesalers, retailers, auctions, exporters and importers) have been approached with tailor-made letters, explaining the negative effects of infringements for their sector and the liability of each of the parts.

Whereas in the past mainly the growers as the initial source of plant material has been approached by the breeders, today in particular the traders of ornamentals and fruits come in the focus. All PBR laws, which are in compliance with the UPOV 1991 Act, provide for protection of harvested material. Furthermore, in many PBR laws cut-flowers of vegetatively reproduced ornamental varieties can be considered as propagating material (see e.g. the definition of propagating material in Article 3 of the Australian PBR law⁴) and thus fall directly into the scope of rights, without requiring the detour to harvested material.

³ An impressive study on roses has been conducted by the Community Plant Variety Office, see at http://www.cpvo.europa.eu/documents/techreports/RD_rose_project_final_report.pdf.

⁴ E.g. from a cut-rose (= part of a plant) a plant with the same essential characteristics can be produced.

Please find attached the English summary of a recent judgement of the German Supreme Court, who judged that each part of the trade chain, including retailers, is obliged to make sure that the compliance with Intellectual Property Rights has been checked at least at one stage of the trade chain, especially if imports from abroad are concerned.

CIOPORA has experienced that most of the wholesalers and retailers do not know the legal situation and many of them do (did) not care about it. Thus, raising awareness in the entire value added chain is necessary.

CIOPORA is very much interested in a continued participation in the consultation process and would kindly like to ask you to keep us updated on the further discussions.

Please do not hesitate to contact us if you have any further questions.

With kind regards,

CIOPORA



Dr. Edgar Krieger
Executive Secretary