



Department of **Agriculture and Food**
Government of **Western Australia**



Advisory Council on Intellectual Property
A Review of Enforcement of Plant Breeder's Rights
OPTIONS PAPER

**Response from the Department of Agriculture and Food
Western Australia**

August 2008

3.1 Exclusive rights granted

OPTIONS

ACIP seeks your views on the following options in relation to the rights granted to PBR owners under s.11.

Option 1. No change to the rights of PBR owners

This option assumes that the current suite of rights is sufficient to enable PBR owners to generate a fair return on their investment. ACIP seeks any reasons why the current rights of the PBR owner under s.11 should not be changed, including any unintended consequences of a change.

Option 2. Provide PBR owners with an additional right over 'use' of the material

This option is to introduce into s.11 a new right for "use of the material". The aim of this would be to provide PBR owners with the clear right to obtain royalties from end users such as feedlotters, millers, ethanol producers and juice manufacturers and therefore provide a more effective and efficient collection process. This option may increase royalty payment compliance, reduce complexities in the system and minimise compliance auditing costs. However, such a significant change may impact on the public good objective of the system and may be unnecessary if robust commercialisation and contractual arrangements were established at point of first sale. It may also enable PBR owners to 'double dip' by requiring royalties from both sellers and buyers.

Option 3. Provide PBR owners with an additional right over 'purchase' of the material

This option is to introduce into s.11 a new right for "purchase of the material". The aim of this would be to provide PBR owners with the choice of what point in the value chain to collect a royalty. For example, accumulators who are acting as agents for buyers would by law be considered to be purchasing the material and would therefore require a licence from the PBR owner. Again, such a change may assist PBR owners to obtain royalties, particularly for grain varieties, but may have other impacts on the PBR system. This option may require significant changes to s.23 regarding exhaustion of rights in order to be effective. At present, a new purchase right would be limited to sales done without the consent of the PBR owner. This option may enable PBR owners to 'double dip' by requiring royalties from both sellers and buyers, although this is not necessarily a bad thing.

As previously submitted, (and for reasons outlined in the Issues Paper) DAFWA supports Option 2 and the inclusion of "use" into section 11. This appears to be the most straightforward (and quickest) solution to the current problem.

While Option 3 may also solve this issue, it will not cover the use of PBR material in feed lots. If there is no exchange of ownership, this material will remain outside the PBR owner's control.

We also note that (in the short term) the right over the 'purchase' of the material would be limited to sales without the consent of the PBR owner. This will be of limited benefit, and the changes required to s23 to extend this right are likely to be time consuming and complex. Given this, while Option 3 may address this issue (in some measure) in the long term, we support Option 2 as a quicker, easier, and more comprehensive solution.

3.2 Extended rights and 'reasonable opportunity'

OPTIONS

ACIP seeks your views on the following options in relation to 'reasonable opportunity' to exercise rights under s.14 and 15.

Option 4. No change

This option is to accept that the courts have a view on the application of s.14 and 15, including the meaning of 'reasonable opportunity' and its application to grains. ACIP seeks any reasons why s.14 and 15 should not be changed, including any unintended consequences of a change.

Option 5. Clarify the meaning of ‘reasonable opportunity’

Some options for doing this are:

- test the meaning of s.14 and 15 in court. This would provide a high degree of certainty but would be a difficult and expensive exercise.
- seek an opinion from the Australian Government Solicitor. This may not provide the degree of certainty necessary desired.
- seek the opinion of an expert panel, similar to the Expert Panel on Breeding, set up to provide guidance on how a range of PBR issues are intended to operate. Such a group may include representatives from industry, independent experts in plant breeding, the PBR Office and ACIPA and be a more appropriate way to address industry concerns than waiting for court decisions to eventuate. A model for this may be the US system of ‘restatements of law’, although with more emphasis on an agreed understanding and less on case law.
- amend the Act in some way, such as by adding a definition of ‘reasonable opportunity’ in s.3.

Option 6. Reverse the onus of proof

This option involves reversing the onus of proof so that the alleged infringer has to demonstrate that the PBR owner did have a reasonable opportunity to exercise its rights. This would not provide a guarantee that PBR owners could use s.14 and 15 with impunity, but could act as a deterrent to infringement. However, this option may not follow the Australian legal standard of a presumption of innocence.

Option 7. Delete references to ‘reasonable opportunity’ in s.14 and 15

Removing the condition that the PBR owner must not have had a reasonable opportunity to exercise its rights would remove uncertainty over the interpretation of the term. However, this may not be consistent with UPOV Article 14(2) and 14(3). Such a change may also have the detriment of allowing PBR owners to wait until well after use of the protected material has commenced and business decisions made before demanding recompense from end users.

Option 8. Clarify the application of s.11, 14 and 15 to grains

This option involves clarifying whether royalties on harvested material which is also propagating material can be appropriately sought under s.11, 14 and/or 15. Some alternatives for doing this are:

- bring a test case to court. This would provide a high degree of certainty but would be a difficult and expensive exercise.
- seek an opinion from the Australian Government Solicitor. This may not provide the degree of certainty necessary desired.
- seek the opinion of an expert panel as described in Option 5 above.

As raised in our previous submission, DAFWA has received legal advice that sections 14 and 15 are not relevant to the grain industry, as seed and grain are both propagating material and thus remain under section 11.

However, for other industries where this is not the case, (and to remove any uncertainty / ambiguity) DAFWA supports Option 7, removing the references to ‘reasonable opportunity’ in sections 14 and 15. This would ensure clarity and certainty for PBR owners. Our second preference would be to reverse the burden of proof (Option 6)

3.3 Farmer’s privilege and balance of rights – all taxa**OPTIONS**

ACIP seeks your views on the following options in relation to the exemption for farm saved seed under s.17.

Option 9. No change to the farm saved seed exemption

This option is appropriate if the exemption is believed to be working satisfactorily and providing the correct balance between the rights of PBR owners and growers. Section 17(2) can still be used to have the exemption not apply to particular taxa declared in the Regulations. This may prevent the saving of propagating material in sectors where an equitable return on the investment in breeding cannot be achieved. However, as no taxa have been declared in this way, the practicalities of this are uncertain. ACIP is interested in why no applications to have taxa declared in this way have been submitted.

ACIP seeks any reasons why s.17 should not be changed in regards to the balance between the rights of PBR owners and growers, including any unintended consequences of a change.

Option 10A. Modify the farm saved seed exemption to be explicitly limited

This option could involve making the exemption only available where it is “within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder” (from UPOV Article 15(2)). This would clarify that the exemption is limited and PBR owners would have a basis to bring infringement actions in circumstances where the practice of saving seed is preventing them from securing a reasonable return. However, this option may create uncertainty for all parties, particularly growers, over when the exemption applies, and may result in more litigation.

Option 10B. Modify the farm saved seed exemption to be similar to that in Europe

This may involve:

- restricting the exemption to certain prescribed taxa (i.e. the opposite of current Australian law under s.17(2)), and/or
- requiring large scale growers to pay equitable remuneration to the PBR owner for saved seed and to keep necessary records.

This option may limit the extent of the exemption, enable PBR owners to generate a reasonable return from growers who are more able to afford it and ensure Australian law complies with UPOV in regards to the legitimate interests of PBR owners. However, it may cause further confusion as to the circumstances in which the exemption applies, may not solve issues such as ‘under reporting’ by growers, and requires an entire new system to be established. This would involve:

- setting appropriate remuneration rates,
- determining what size growers are exempt,
- new administration requirements.

Option 11. Remove the farm saved seed provision

This option would completely remove the rights of growers to retain seed for personal use. Growers would be required to seek authorisation to use harvested seed for all further crops. If enforceable, and growers continue to use PBR protected varieties, this option would increase returns to PBR owners. It would also help to clarify that growers do not have the right to trade or barter PBR protected seed. However, this option would significantly increase costs for growers, may result in a lower rate of uptake of new varieties and would require new seed production infrastructure. If not enforceable, this option may merely result in increased noncompliance and dissatisfaction with the PBR scheme. Also, it would need to be determined whether removing the farm saved seed provision would contravene Australia’s “farmers’ rights” obligations under Article 9 of the International Treaty on Plant Genetic Resources for Food and Agriculture.

DAFWA does not have any issues with the current farm saved seed exemption for grain and pasture crops and would be strongly opposed to this right being removed from the Act. If other parties have issues with the farm saved seed rights they can remove these rights under the grower contracts.

DAFWA believes that the right to save seed assists in the rapid uptake of varieties, and there would be a significant backlash from growers if these rights were diluted. The difficulties of tracking varieties for royalty collection should be resolved by other means.

3.4 Farmer’s privilege and asexually propagated taxa

OPTIONS

ACIP seeks your views on the following options in relation to the exemption for farm saved seed under s.17.

Option 12. No change.

This option is appropriate if the farm saved seed exemption should encompass all forms of propagation. Section 17(2) can still be used to have the exemption not apply to particular taxa declared in the Regulations. This would prevent the saving of propagating material in sectors where it does not traditionally occur and is not considered appropriate. However, as no taxa have been declared in this way, the practicalities of this are uncertain. It also may not address inherent misunderstanding about the exemption and the inherent costs for litigation and compliance audits.

ACIP seeks any reasons why s.17 should not be changed in regards to asexually propagated varieties, including any unintended consequences of a change.

Option 13. Change the title of s.17 to ‘Conditioning and use of user produced propagated material does not infringe PBR’.

If it is appropriate that s.17 encompass all forms of propagation, then this option would help to clarify this for users. However, the provision is known nationally and internationally as ‘farm saved seed’, and so may take some time to have a practical effect.

Option 14. Change s.17 to be restricted to ‘sexually propagated taxa’

This option would involve replacing the term ‘propagating material’ in s.17 with ‘seed’ or ‘sexually propagated material’. This would be appropriate if the widespread practice of saving propagating material would mean the owners of PBR for asexually reproducing species would be unable to generate a fair return, and so such species should not be subject to s.17. Any such change would be prospective. This option would be compliant with UPOV and also provide a great deal of certainty for users, however it would not have the flexibility to accommodate any changes deemed necessary in the future and may not alleviate the high enforcement costs being experienced in some sectors of the horticultural industry.

While DAFWA supports the current farm saved seed provision in regard to grain and pasture crops (above), we note that it does pose difficulties for the horticulture industry. Given this, we would support an amendment to section 17 to replace the term “propagating material” with “seed” to provide additional protection for horticulture, while leaving the rights of grain / pasture growers unaffected. (Option 14).

3.5 Essentially derived varieties

OPTIONS

ACIP seeks your views on the following options in relation to the extension of rights to essentially derived varieties under s.12 and 40.

Option 15. No change to the EDV provisions of the PBR Act.

Changes to the EDV provisions may not be warranted as the low number of applications for an EDV declaration may indicate that there is limited need for the provisions. However, this may instead indicate that the provisions are too impractical to be useful. Also, the uptake of GM technology may increase concerns in the future. ACIP seeks any reasons why the EDV provisions should not be changed, including any unintended consequences of a change.

Option 16. Enable EDV declarations to be in respect of any variety

This option was recommended by the Expert Panel on Breeding and accepted by the Government, however it is yet to be implemented. This option would allow the owner of PBR on an original variety to have any derived variety declared an EDV, not just those which are the subject of a PBR application or grant. This would better enable the owner of PBR on the original variety to generate a greater return on his or her investment.

However, the current remedy for a derived variety being found to be an EDV is for the rights on the original variety to extend to the derived variety. Enabling varieties which are not subject to a PBR application or grant to be declared an EDV raises the question of whether a body other than the PBRO is needed to decide the matter, as the PBRO would have no obvious jurisdiction over non-PBR varieties. Another question is whether the appropriate remedy would continue to be to extend the rights on the original variety to the derived variety.

Option 17. Enable applications for EDV declarations to be made prior to grant of the original variety

This may speed up the process, but if the original variety is subsequently not granted, the breeder of the derived variety would have unnecessarily incurred the cost of disputing the EDV application and lost revenue from the derived variety. The unsuccessful applicant for the original variety may be liable for these costs.

Option 18. Remove the test for ‘important features’ in s.4(c)

This would increase the scope for the PBR owner of the original variety to exercise their right. The majority of submissions made to ACIP requested greater protection for the original variety, and this may go towards meeting their needs. It would also better enable the PBRO to determine EDV declarations. However, it may mean that a derived variety could be declared to be essentially derived despite contributing substantially to the public good. An example would be the insertion of a gene for disease resistance into a disease-susceptible original variety through backcrossing.

Option 19A. Remove the words “as distinct from cosmetic” from s.4(c)

This would remove the possibility of a cosmetic feature being considered an unimportant difference, despite it being of significant commercial value to that variety. However, it may provide less guidance on the meaning of ‘important’.

Option 19B. Replace “cosmetic” with “of no commercial value”

This would involve changing s.4(c) to read “it does not exhibit any important features (as distinct from features of no commercial value) that differentiate it from that other variety”. This would remove the possibility of a cosmetic feature of commercial value being considered an unimportant difference and continue to provide some guidance on the meaning of ‘important’. This option may change the meaning of ‘important’ to be ‘of commercial value’.

Option 19C. Remove the words “as distinct from cosmetic” and define “important features” in s.3.

This would enable a fuller explanation of “important features” to be provided which better addresses issues such as cosmetic and commercial.

Option 20. Transfer the administrative EDV declaration system to the courts or other body

This option was recommended by the Expert Panel on Breeding and accepted by the Government, however it is yet to be implemented. Moving the responsibility for deciding whether a derived variety is an EDV from the PBRO to the courts may have the benefits of greater expertise in this area and discourage any frivolous actions from being taken in the future. It may also compel disputing parties to use ADR. However, many respondents emphasised that legal recourse to settling PBR disputes is beyond the financial resources of many breeders due to the relatively small profit margins from many plant breeding investments. Moving responsibility for EDV declarations to the courts may make such determinations too slow and expensive for many in the industry, and be counter to a general shift towards alternative dispute resolution mechanisms. Moving this responsibility to another body, such as a Tribunal, may provide a balance between the rigour, high costs and resolution times of the court system and the high accessibility and low costs of the PBRO. It may require the development of alternate dispute resolution systems such as mediation and arbitration. However, advice provided by the Australian Government Solicitor to ACIP suggests that where a Tribunal is determining a dispute between private parties, it would still be subject to review by a court. This would potentially create another layer in the system.

Option 21. Improve the PBRO’s ability to make determinations on EDV

This may involve further training for PBRO staff, creating access to expert witnesses and adjusting the financial arrangements so that the full or a majority of costs are borne by the parties involved. Such an option may provide a quicker, less expensive process than could be provided through the courts or some other body. However, this may not be a cost-effective solution given the very low number of applications for EDV declarations.

Option 22. Develop benefit sharing arrangements

A process that allows the breeders of the original and the derived varieties to find common ground on sharing the benefits of the derived varieties may be appropriate. The PBR Act could provide a framework for agreement to be reached among the contesting breeders. Such a process could be tiered, beginning with negotiation but with the option to seek recourse through alternative dispute resolution (ADR) procedures and ultimately the courts. The ADR process offered by the Australian Seed Federation to its members may provide an appropriate forum or model. Compulsion to participate in such a process could be provided by having a judicial option that would determine benefit sharing arrangements. The PBRO may have a role in not granting PBR on an affected variety until an agreement on benefit sharing has been reached. Such an option may enable the benefits of original and essentially derived varieties to be shared equitably at low cost and in a non-combative manner. However, such a process may encourage frivolous and/or vexatious claims of EDV in order to obtain some of the benefits of a derived variety.

DAFWA believes EDV is more of an issue for the horticulture industry. From that perspective:

DAFWA supports Option 16, amending the PBR Act to allow EDV declarations in respect of any variety, and Option 18, removing the test for 'important features'. We also support Option 19A, removing the words "as distinct from cosmetic" from section 4(c). When coupled with Option 18, we believe this provides the greatest protection for PBR owners. As raised in our previous submission, DAFWA understands that under UPOV other member states are only obliged to meet the minimum standards to establish EDV. These amendments would operate to bring section 4 in line with UPOV, and the European definition that a variety be 'clearly distinguishable from the initial variety' to prevent a declaration of EDV.

The Options Paper raises the point that an EDV may contribute to the public good. While we do not dispute this, it is not sufficient to justify excluding the breeder of the original variety from the benefits.

We have had the opportunity to view GRDC's response and support their suggestion that the burden of proof be reversed on this issue, so the breeder of the original variety need only demonstrate a prima facie case of EDV, at which point the burden of proof would transfer to the alleged infringer.

In regard to Options 20 and 21, DAFWA believes that (as in other jurisdictions), the most appropriate mechanism for the determination of EDV is the courts, rather than the PBRO.

3.6 Exhaustion of PBR

OPTIONS

ACIP seeks your views on the following options in relation to the exhaustion of rights under s.23.

Option 23. No change to the provisions on exhaustion of PBR.

This option may be appropriate if it is accepted that the courts will have a view on the application of this section and will further develop it as more cases come to court. ACIP seeks any reasons why the exhaustion provisions should not be changed, including any unintended consequences of a change.

Option 24. Clarify the meaning of s.23

The courts' current interpretation of s.23 appears to restrict PBR owners' ability to seek royalties on material derived from propagating material that has been legally obtained from the grantee without further production or reproduction. This may or may not be appropriate. Some possible options for clarifying the meaning of s.23 are:

- amending s.23 in some way. ACIP is open to suggestions on how this may be achieved.
- seeking the opinion of the Australian Government Solicitor.
- seeking the opinion of an expert panel, such as that outlined in Option 5.

While DAFWA supports Option 24 (clarifying the meaning of section 23), we note that such clarification would not be binding. Given the current opportunity to introduce amendments to the Act we support amending this section to ensure that rights are clear and in line with industry understandings. (For instance, amending section 23 to provide that PBR will only be exhausted after the obligations of the PBR owner have been satisfied.)

3.7 Lack of clarity

OPTIONS

ACIP seeks your views on the following options in relation to the meaning of terms and sections of the PBR Act.

Option 25. No changes to the meaning of terms and sections of the Act

This option is appropriate if the meaning of current provisions is sufficiently understandable and/or court decisions provide a sufficient process for clarifying them. ACIP seeks any reasons why no changes should be made, including any unintended consequences of a change.

Option 26. Clarify the meaning of particular terms in the Act

Some options for this are:

- defining particular terms in Part 3 of the Act, or amending current definitions
- seeking the opinion of the Australian Government Solicitor
- seeking the opinion of an expert panel, such as that outlined in Option 5.
- using guidance from organisations such as CIOFORA.
- using guidance from Europe on equivalent provisions. ACIP welcomes any suggestions on which provisions may be of use.

DAFWA supports Option 25. Other than those terms / sections already identified as requiring clarification (above), we believe further clarification is unnecessary, and introduces the risk of unintended consequences if definitions introduced do not match current understandings, or create ambiguity.

3.8 Pre-grant enforcement

OPTIONS

ACIP seeks your views on the following options in relation to pre-grant enforcement.

Option 27. No change to the pre-grant enforcement provisions

This option is appropriate if it is considered that current provisions are sufficient and there would be little benefit in providing PBR applicants with the right to begin infringement actions before grant. ACIP seeks any reasons why no changes should be made, including any unintended consequences of a change.

Option 28. Provide PBR applicants with the right to begin infringement action pre-grant

This option may enable breeders to better defend their (subsequently granted) PBR rights. It may be appropriate to restrict it to a particular sector such as horticulture. However, there are considerable risks involved in providing infringement provisions to an applicant of a new variety that has yet to establish its registrability through the granting process. For example, taking an alleged infringer to court based on a right that has not been granted may require from the plaintiff a substantial compensation or indemnity bond to cover the defendant's damages costs in a case where the PBR application proved to be invalid.

As previously submitted, DAFWA supports Option 28, so breeders of horticultural varieties (with a long time between application and grant) can better defend their rights. While this system is in place in New Zealand, to date there have been no cases under it, so there is no precedent (we are aware of) on how this would operate in practice. While there may be a risk if an action is commenced and the application fails, this could be addressed by the indemnity bond proposed, and would ultimately become a cost / benefit / risk analysis for the PBR applicant as to whether they wish to commence an action prior to grant.

DAFWA is aware of significant industry concern surrounding this issue, and believes the current opportunity to address this matter should be seized.

4.3 Federal Magistrates Court and PBR – Options

OPTIONS

ACIP seeks your views on the following options in relation to the Federal Magistrates Court.

Option 29. No change to jurisdiction of the Federal Magistrates Court

This option is appropriate if the FMC is not considered to provide any significant advantage over the FCA. One reason may be that the most significant costs are incurred during the pre-trial phase of litigation and the FMC will not address this. However, leaving the FCA as the only option will not encourage further court decisions and therefore more clarity on a range of issues. ACIP seeks any

reasons why no changes should be made to the jurisdiction to the FMC, including any unintended consequences of a change.

Option 30. Extend the jurisdiction of the Federal Magistrates Court to PBR

This option would provide an alternate, more accessible venue to those who would possibly not have pursued their dispute through the Federal Court. This option is contingent on the results of the current Government review of the federal court system. The FMC may be suitable for PBR matters because, unlike patent cases, PBR cases may be less vulnerable to time intensive claims and stalling tactics challenging the validity of the registered right. Common claims against the validity of a patent often take up a large percentage of court time during patent infringement proceedings. ACIP is only aware of one PBR case commenced under the PVR or PBR Acts in which the validity of PBR was an issue

It may be argued that PBR cases are similar in complexity to patent cases and therefore not suited to the FMC. Magistrates may have difficulty establishing and maintaining expertise in PBR due to the low number of cases. ACIP notes that both the FCA and FMC can seek the advice of independent technical experts to assist them. Another issue may be that, unless the discovery phase is limited or optional, costs will not be reduced.

Option 31. Simplify expert evidence procedures in the FCA and/or the FMC

This option may simplify and/or standardise the process for proving infringement and avoid the need for parties to agree to methodologies, such as for DNA testing. However, such procedures may also remove the ability of the court to follow the most appropriate processes for a given situation and/or take advantage of developments in DNA testing and other technologies.

DAFWA supports Option 30, to provide an alternative to commencing an action in the FCA. Extending the jurisdiction would give parties an additional choice, while allowing them to retain the freedom to commence an action in the FCA if appropriate.

However, as stated in our original submission (and as noted in the Options Paper), ensuring Magistrates have a sufficient level of expertise may be an issue.

Option 31 requires further detail on how it would operate, but the possibility this would constrain following the most appropriate course of action in a given circumstance and limit the ability of the court to take advantage of improved DNA testing abilities would be of concern.

5.3 ADR and PBR – Options

OPTIONS

ACIP seeks your views on the following options in relation to ADR.

Option 32. No change to ADR processes

Some ADR alternatives are currently available, so this option is appropriate if these are considered to be adequate or would be adequate if further promoted in the industry. ACIP seeks any reasons why no changes should be made to ADR processes, including any unintended consequences of a change.

Option 33. Register of mediators with PBR and plant breeding expertise

This option would involve establishing a register of PBR and plant breeding experts who can assist in ADR processes, either within or outside of the court system. This may enable experts to be identified quickly and make ADR processes more effective, but would incur establishment and maintenance costs. ACIP seeks views on the usefulness of such a register and who would be best placed to administer it.

DAFWA supports Option 33. IP Australia already maintains a list of experts (QP's) to assist in PBR applications, so would be best placed to establish a register of experts to assist in ADR. Once established, the costs associated with maintenance should be minimal. (E.g. annual updates and publication the IP Australia website).

6.3 Criminal sanctions – Options

OPTIONS

ACIP seeks your views on the following options in relation to criminal sanctions.

Option 34. No change to the criminal sanctions of the PBR Act.

This option may be appropriate if criminal convictions are unlikely to be achieved due to the reluctance of PBR owners to harm business relationships, the difficulties of providing sufficient evidence to meet the higher burden of proof and the unwillingness of community members to become involved in a police investigation. ACIP seeks any reasons why no changes should be made to the criminal sanctions of the PBR Act, including any unintended consequences of a change.

Option 35. Request the AFP and DPP to give PBR cases a higher priority

This option is to request that the AFP and DPP give PBR cases a higher priority, at least equal to other IP matters. This may increase the chance of investigations and prosecutions being conducted. Justification for a higher priority may include PBR being a special case because of the following issues:

- the difficult nature of suing one's customer rather than one's competitor. Compared with other fields, it may be more common in PBR cases that a rights owner alleges a breach of the law has been committed by one of its own customers, such as a grower who purchases PBR protected varieties, than by a competitor;
- marginal profitability in sectors of the plant breeding industry. This makes civil actions out of reach for many and increases the financial impact of offences;
- current apparent lack of compliance and need for deterrence;
- current untested status of the public infringement provisions of the PBR Act.

Option 36. Extend the jurisdiction of PBR matters to the State police and DPPs

This option may increase the chance of investigations being undertaken, however the State police are likely to have similar resource limitations as the AFP. There may also be inefficiencies in prosecuting in each State where infringement is alleged to have taken place.

DAFWA supports Option 35. While it remains unlikely criminal sanctions will be sought (as noted), requesting the police give this area the same attention as they would any other IP infringement is appropriate. There is no reason PBR should have a lesser status than other IP rights.

Option 36 is unlikely to provide any benefit to PBR owners. As noted, State police have similar resource limitations and are unlikely to treat this issue with any higher priority than the AFP. A PBR action that crosses State lines will also have the additional difficulty of requiring the involvement of two (or more) separate police forces on an issue that is not deemed a priority to any of them.

7.3 Acquisition of Evidence – Options

OPTIONS

ACIP seeks your views on the following options in relation to the acquisition of evidence.

Option 37. No change

This option is appropriate if current Anton Piller orders and contractual arrangements are considered adequate in enabling PBR owners to obtain evidence of infringement. ACIP seeks any reasons why no changes should be made to current laws on the acquisition of evidence, including any unintended consequences of a change.

Option 38. Introduce a system based on the UK Information Notice

This option has the benefit of speed, as it enables the PBR owner to serve a notice on the alleged infringer without first having to apply to a court, and of the burden of proof being placed on the alleged infringer. However, this system may enable PBR owners to unreasonably harass variety users. It is also only able to provide the PBR owner with information, not samples, and the PBR owner may not know whether the alleged infringer has provided correct information. For these reasons this option may be best when combined with Option 39 below.

Option 39. Introduce a system based on the French *saisie* order

This option has the benefits of enabling samples to be seized and of having a legal officer present when the order is served on the alleged infringer. However, this system may take longer than Option 38 and so it may be best to combine the most relevant features of both.

DAFWA supports Options 38 and 39. Including provision for the operation of orders along the lines of both the UK and French systems would appear to allow the PBR owner to acquire evidence in a much more efficient manner, and may go some way towards addressing the closed community issue identified in previous submissions. If information notices (as under the UK system) do not require the PBR owner to identify from where they received the information of alleged infringement (and can form the basis of future actions without reference to the origin of the suspicion), it is likely growers will be more willing to notify the owners of suspected PBR breaches.

Introducing both systems would allow PBR owners to (in the first instance) request information from the alleged infringer, then proceed with a *saisie* order (as under the French system) if the response is unsatisfactory. As identified in the Options Paper, the introduction of both schemes would provide the greatest benefit to owners, and should also minimise disruption to innocent growers. That is – if a grower provides a response to the information notice demonstrating that they are not infringing PBR, the need for a seizure order can be avoided.

Option 37 is not supported. Obtaining evidence is currently one of the greatest impediments to following up on possible PBR infringements, and reform in this area is certainly required.

8.3 Customs – Options

OPTIONS

ACIP seeks your views on the following options in relation to Customs.

Option 40. No change

This option is appropriate if it is considered unnecessary or impractical for the Australian Customs Service to identify and seize PBR protected material.

Option 41. Introduce PBR seizure powers for Customs based on the notice system used for trade marks

This option could involve introducing new provisions in the PBR Act for Customs to administer. These provisions may enable a PBR owner to lodge with Customs a notice of objection which identifies the PBR protected material and a written undertaking, or paid security, to repay Customs' expenses. However, plant material is perishable and has a limited life span, which poses problems with regard to its storage and handling. Also, Customs have limited resources and lack relevant expertise in plant identification. Possible ways of overcoming this are:

- obtaining appropriate expertise, such as by employing Qualified Persons, particularly during high risk periods such as Valentine's Day.
- using a DNA marker system if one were available, such as for roses, administered by an appropriate expert.

Option 42. Introduce PBR seizure and destruction powers for Customs based on the European system

This may involve many of the steps in Option 41, with the addition of enabling customs to destroy goods if a PBR owner has within 10 days (three for perishable goods) declared the goods to be infringing its right and has obtained the written agreement of the owner/receiver of the goods for the goods to be destroyed. This may have the advantage of speeding up the process and reducing costs in circumstances where there is clear infringement and a willingness on behalf of the importer to cooperate. However, such circumstances may be too rare to justify introduction of the system.

DAFWA would support a modified Option 41.

We note that the paper only refers to Customs powers in regard to the importation of PBR varieties. To adequately protect owner's rights, we would like these powers to be used to prevent the unauthorised export of protected cultivars. Unauthorised

exports currently pose a major leakage in the market which it is difficult for a PBR owner to track and prevent.

All exports of plant material require a phytosanitary certificate. We propose that the Australian Quarantine and Inspection Service (AQIS) be issued a list of protected cultivars, with the names of parties permitted to export. If a party is not listed as a permitted exporter, the phytosanitary certificate is not issued and export cannot proceed. (We note this would require the certificates to state the cultivar, rather than simply the species). Coupled with Option 46, re mendacious variety name declarations, this could greatly assist PBR owners in ensuring their rights are adequately protected.

(A similar system already operates successfully in WA within DAFWA and AGWEST Plant Laboratories).

The costs associated with a national system should be minimal once implemented, and could be covered by an annual fee, paid by the PBR owner. As there would be some cost (and paperwork) involved, we suggest this should be an optional system, so owners can choose which material they wish to protect in this manner.

Further, it is likely this will only operate effectively for non-bulk shipments, as bulk shipments (usually containing multiple varieties) would be overly complex to register in this manner. However, DAFWA is interested in the opinion of other parties as to whether there would be a method for cost-effectively including bulk shipments.

9.3 Exemplary damages – Options

OPTIONS

ACIP seeks your views on the following options in relation to exemplary damages.

Option 43. No change

This option is appropriate if it is considered that exemplary damages are unlikely to be effective due to the low risk of infringing behaviour being identified and brought to court and/or the degree of evidence required to prove that exemplary damages are warranted - flagrant infringement, conduct of the party etc.

Option 44. Introduce exemplary damages provisions

This option may be based on the system of exemplary damages recently introduced for patents. This may provide increased deterrence for potential infringers, fairer compensation for PBR owners, make pursuing infringements more attractive and encourage other forms of resolution, such as ADR. The New Zealand system may provide a model. However, the total number of successful court actions may remain relatively small, reducing the effect of such provisions. ACIP seeks your views on whether exemplary damages are necessary and how they should be determined.

DAFWA supports Option 44. When combined with other proposed changes (such as amendments to acquisition of evidence), it is possible more enforcement actions will be commenced. Given this, the availability of exemplary damages is likely to become a consideration for owners when determining whether to proceed.

10. Central information and collective peak body

Question Q1.

What role should Government play in this area? Should the Government facilitate the plant breeding industry in developing one or more models of collective/peak bodies?

The introduction of a collective body should occur only at the request of industry. For many issues, any collective body would have to be industry specific, as differing industry requirements / structures would make a single organisation (attempting to cover all industries) unworkable.

As stated in our original submission, DAFWA would support the creation of a centralised body to act as an independent investigation and enforcement vehicle for PBR breaches. By remaining independent from the breeders and PBR owners (and separate from issues such as royalty collection), this body would become a specialised and efficient tool for PBR investigative and enforcement issues.

11. Education and awareness

Question Q2.

What would be the most effective ways of improving education and awareness of PBR for each industry or stakeholder group?

There is not necessarily a single approach to suit all industries. However, as outlined in our original submission, DAFWA believes one of the most effective ways to improve education is for IP Australia / PBRO representatives to visit regional areas and hold workshops / information sessions on PBR, and what it means to growers. These need to be specifically targeted at farmers (rather than plant breeders / owners / legal advisers / commercialisers), and should cover the relevant industries for each area, and how PBR operates for each.

However, if the PBR Act is amended to remove the current uncertainties, the issues of education and ensuring a consistent message become much clearer and easier to implement.

Question Q3.

What role should Government play in this area? What particular educative programs or course curricula should the Government develop or facilitate? Should Government develop detailed PBR curricular for agricultural colleges and TAFE?

While a detailed curriculum for colleges and TAFE may be excessive, the rights and obligations imposed by the PBR Act should certainly be addressed. While expecting specialised knowledge may be inappropriate, everyone should be aware of the basics of PBR and how the system operates. As above, if the Act is amended to ensure clarity and ease of use, the issue of increasing education and awareness may be resolved relatively easily.

12. Standard Contracts

Question Q4.

What else needs to be done on this issue? What role should Government play?

DAFWA believes the issue of grower contracts is a private commercial issue between growers and the PBR owners. GRDC's role in the creation of standard agreements was as a facilitator in response to industry requests. If there are further industry requests, it may be appropriate for the Government to act as a facilitator, but any instigation / requirements for standard contracts should be done by the owners and industry. These are proprietary rights, and how they are used / licensed should remain solely with the owner. Further, as previously noted, there are vastly different

industry structures currently using PBR rights, for which a single approach would be inappropriate.

(There are also differing structures within the category “Agricultural” proposed by the Options Paper, which encompasses both grain and pasture crops)

13. End Point Royalties

Question Q5.

One of the problems with implementing an equitable EPR system is that harvested product is often a mix of material on which the growers’ PBR obligations to the breeder have been met and material on which those obligations have not been met. Can this issue be dealt with through use of contracts? Are there other options for addressing this issue?

Question Q6.

Do you have any major concerns, other than those listed above, about the implementation of an effective EPR system in your industry?

A concern with the introduction of any EPR system is whether the designated EPR point can be avoided by those parties seeking to escape payment, and whether avoidance of that point in the system would operate to the detriment of the material or in contravention of best practice.

Option 45. No changes to infringements and offences under the *PBR Act* in regards to identification of protected varieties.

This option is appropriate if it is considered that making mendacious declaration of a PBR protected variety an infringement or an offence under the Act would not significantly discourage such behaviour.

Option 46. Amend the *PBR Act* so that mendacious variety name declaration is an infringement of PBR

This option may involve expanding s.53 (1) (c) and/or s.75 to include as an infringement and/or an offence the act of deliberately not using the correct name of a PBR protected variety. Making mendacious declarations an infringement of PBR would enable PBR owners to instigate civil proceedings in such cases to recover damages and act as a deterrent. Making such behaviour a criminal offence may provide a significant deterrent, as it enables a court to impose fines and/or a prison sentence. However, it is unlikely that the Australia Federal Police and Commonwealth Department of Public Prosecutions will investigate such cases and bring them to court – see Chapter 6. ACIP emphasises that the intent of this option is not to make inadvertent varietal misdeclaration an infringement or offence.

DAFWA supports Option 46. When combined with other investigative and enforcement mechanisms (such as the proposed expansion to Customs powers addressed under Option 41), this would provide PBR owners with additional protection, and remove a simple method of avoiding PBR restrictions.

However, we note this would be a secondary form of protection, as a PBR breach would already need to be suspected before examination / DNA testing was undertaken to establish whether a variety has been intentionally misdeclared. Further, establishing that the misdeclaration was intentional may be an issue, and DAFWA would be interested in how ACIP envisages this may operate.

Question Q7.

Establishing EPR systems is primarily the responsibility of industry. However, is it appropriate for the Government to facilitate this?

The role of Government in this area should always be in response to the request of a specific industry.