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Email transmission

Mr S Applegate
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Dear Mr Applegate

Submissions on ACIP review of enforcement of PBR

Please find **attached** our submissions in response to the ACIP review of enforcement of Plant Breeder's Rights options paper.

Please contact us if you have any queries.

Yours sincerely


Malcolm McBratney
Partner

attachment
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Submissions on ACIP review of enforcement of PBR options paper

Prepared by McCullough Robertson Lawyers

We refer to ACIP's Options Paper – 'A review of enforcement of Plant Breeder's Rights' - dated June 2008.

The following table sets out McCullough Robertson Lawyers preferred options:

Issue	Preferred option
Rights granted under section 11	No comment
Extended rights and 'reasonable opportunity'	Option 5 (clarify the meaning of 'reasonable opportunity')
Farmer's privilege and balance of rights – all taxa	Option 11 (remove the farm saved seed exemption)
Farmer's privilege and asexually propagated taxa	No comment
Essentially derived varieties	Option 16 (enable EDV declarations to be in respect of any variety)
Test for important features	Option 18 (remove the test for 'important features')
Moving the responsibility for the EDV system from the PBRO	No comment
Exhaustion of PBR	Option 24 (clarify the meaning of section 23)
Lack of clarity	Option 26 (clarification of the meaning of particular terms in the PBR Act)
Pre-grant enforcement	Option 27 (no change to pre-grant enforcement provisions)
Federal Magistrates Court and PBR	Option 30 (extend jurisdiction of FMC to PBR) and Option 31 (simplify expert evidence procedures)
ADR and PBR	Option 33 (register of mediators with PBR and plant breeding expertise)
Criminal sanctions and PBR	Option 35 (request the AFP and DPP give PBR cases higher priority)
Acquisition of evidence	No comment
Customs provisions for PBR	Option 41 (introduce PBR seizure powers for Customs based on the notice system used for trade marks)
Exemplary damages	Option 44 (introduce exemplary damages provisions)

Options 1-3 – Rights granted under section 11

Option 1: No change to rights of owners.

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

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

No comment.

Options 4-8 – Extended rights and 'reasonable opportunity'

Option 4: No change.

Option 5: Clarify the meaning of 'reasonable opportunity'.

Option 6: Reverse the onus of proof.

Option 7: Delete references to 'reasonable opportunity' in sections 14 and 15.

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

It is our submission that Option 5 is the preferred option. Clarification of the meaning of 'reasonable opportunity' would hopefully resolve the uncertainty arising from the *Cultivaust* judgement. Ideally, the preferred way of clarifying the meaning of 'reasonable opportunity' would be by testing the meaning of section 14 and 15 in the courts.

Options 9-11 – Farmer's privilege and balance of rights – all taxa

Option 9: No change to the farm saved seed exemption

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

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

Option 11: Remove the farm saved seed exemption

It is our submission that Option 11 is the preferred option. The farm saved seed exemption should be removed as its existence undermines the PBR regime. Protection should instead be left to the terms and execution of a common law contract. Ideally, the contract would be used to create royalty structures based on repetition and use of the PBR, instead of the large one-off payment which accounts for the exemption.

Options 12-14 – Farmer's privilege and asexually propagated taxa

Option 12: No change

Option 13: Change the title of section 17 to 'Conditioning and use of user produced propagated material does not infringe PBR'

Option 14: Change section 17 to be restricted to 'sexually propagated taxa'

No comment.

Options 15-22 – Essentially derived varieties

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

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

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

It is our submission that Option 16 is the preferred option. This option would mean that a new variety could be subject to an EDV application regardless of its status in the PBR scheme. Accordingly, breeders would be better able to protect the scope of their investment in breeding. As the law stands, however, a competitor could alter a PBR variety at little cost to produce a potential EDV and then choose not to apply to have it registered as a PBR variety. The breeder then has no right against that third party other than attempting to defend their PBR rights under the current system.

Removing the test for 'importance' in section 4(c)

Option 18: Remove the test for 'important features' in section 4(c).

Option 19A: Remove the words 'as distinct from cosmetic' from section 4(c).

Option 19B: Replace 'cosmetic' with 'of no commercial value'.

Option 19C: Remove the words 'as distinct from cosmetic' and define 'important features' in section 3.

It is our submission that Option 18 is the preferred option. In PBR rights infringement, a large investment can be made by breeders to produce and protect a variety and then a small investment can be made by a competitor to alter it. Currently, such an alteration could be deemed as an important feature differentiating the competitor's altered variety from the original variety to the extent that it is not considered an EDV. We are of the view that removal of the 'important features' test will provide the breeder of the original variety with better protection for their investment.

Moving the responsibility for EDV from the PBRO to the courts or other body

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

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

Option 22: Develop benefit sharing arrangements.

No comment.

Options 23-24 – Exhaustion of PBR

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

Option 24: Clarify the meaning of section 23.

It is our submission that Option 24 is the preferred option. Ideally, it would be made clear that the sale of seed does not exhaust PBR with respect to the second and subsequent generations of harvest derived from the lawfully acquired seed.

Options 25-26 – Lack of clarity

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

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

It is our submission that Option 26 is the preferred option as particular terms in the Act require clear legal meanings.

Options 27-28 – Pre-grant enforcement

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

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

It is our submission that Option 27 is the preferred option.

Options 29 – 31 - Federal magistrates court and PBR

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

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

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

It is our submission that both Option 30 and 31 are preferred options. The FMC has lower costs and shorter time periods and would therefore be more attractive to a party in relation to their decision whether to proceed with enforcement. Further, we are of the view that simplification of expert evidence procedures would assist in proving infringement.

Options 32 – 33 – Alternative Dispute Resolution (ADR) and PBR

Option 32: No change to ADR processes

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

It is our submission that Option 33 is the preferred option. The mediation process would greatly benefit from mediators who have PBR and plant breeding expertise as such persons could assist the parties with understanding the strengths and weaknesses of their positions.

Options 34 – 36 – Criminal sanctions and PBR

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

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

Option 36: Extend the jurisdiction of PBR matters to the State police and DPP

It is our submission that Option 35 is the preferred option. At present issues like terrorism, international drug importation and border protection mean the Federal Police may not consider criminal proceedings of PBR rights infringement a priority. On a practical level, initial investigations of infringement could be deferred to another body set up to deal with such matters and the accompanying reports and evidence delivered to the AFP.

Options 37 – 39 – Acquisition of evidence

Option 37: No change

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

Option 39: Introduce a system based on the French saisie order

No comment.

Options 40 – 42 – Customs provisions for PBR

Option 40: No change

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

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

It is our submission that Option 41 is the preferred option. Currently, the lack of Customs seizure provisions gives PBR holders no protection against infringement which is a significant problem given the extent of unauthorised imports. Use of a notice system similar to that used for trade marks, would provide PBR holders with such protection.

Options 43 – 44 – Exemplary damages

Option 43: No change

Option 44: Introduce exemplary damages provisions

It is our submission that Option 44 is the preferred option. Even so, we submit that the criteria for such an award should be strict and in line with the New Zealand position. If jurisdiction is given to the FMC to determine PBR matters, and an award for exemplary damages cannot be given at first instance, the matter could be referred to the Federal Court for an assessment of such damages. Further, a lack of cooperation or participation in mediation may assist the court in determining whether exemplary damages are awarded.