

**SUBMISSIONS OF BENNY BROWNE ON THE ACIP ISSUES PAPER ON THE
ENFORCEMENT OF PLANT BREEDERS RIGHTS**

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BENNY BROWNE

Mr Browne is an Australian solicitor and principal of Griffith Hack Patent and Trade Mark Attorneys, Lawyers and has a substantial practice in the area of Plant Breeders Rights enforcement and licensing.

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SUMMARY

Introduction of measures as discussed below that clarify the act and spread the cost and risk of enforcement are necessary for the continued viability of PBR..

Question 1: Is the farm saved seed exemption of the PBR Act causing your business difficulties in achieving the desired level of compliance in royalty payment and/or any other difficulty? If yes, please supply details including estimates of loss if possible.

Under Article 15 of UPOV, the farmer saved seed exemption is an optional inclusion Mr Browne submits that its inclusion in our act is a weakness. It is a deterrent to enforcement because of

- (a) the difficulty of distinguishing between PBR and non PBR plants;
- (b) the consequent increase in legal costs; and
- (c) it requires customers (who may support the offending farmer) to give evidence against the farmer.

As a result there is anecdotal evidence that some breeders will not enforce their rights under the act because of this provision. Removal of the farm saved seed provision removes the grounds for uncertainty.

Question 2: Has the *Cultivaust* judgment provided sufficient clarification on the operation of the farm saved seed exemption particularly as it relates to “reasonable opportunity” to generate a return on farm saved seed? If not, please outline your concerns for the inquiry.

With respect, Mr Browne believes that this question misses the point. The “reasonable opportunity” concept is a side issue. The concept of reasonableness is well known to the law. It concerns an objective assessment as to what is or what is not reasonable in all the circumstances. There has never been legislation codifying the meaning of ‘reasonable’ and in Mr Browne’s opinion with good reason eg the circumstances in any two cases are rarely the same. Thus the concept of the reasonable man being the man on the Clapham omnibus lives on. Consequently the *Cultivaust* judgment as to what is considered to be reasonable did nothing more than decide, in the circumstances of that case, what was or what was not reasonable. In the opinion of Mr Browne, the more important outcome of the *Cultivaust* case was that it highlighted the uncertainty which exists about the scope of the exemption.

Question 3: Is there a need for more education and awareness for users of protected varieties? Please identify the industry sectors requiring more information and how this may be achieved. In the opinion of the Mr Browne, education and awareness is essential, and not just in respect of users, but of all levels of activity. This could include bulk handlers, sellers of seed, agronomists, rural lawyers, fresh produce markets officials etc. The act lacks certainty and clarity and needs to be explained and people at all levels need to be educated. A standard form plain English EPR agreement may go some way in assisting

Question 4: Does the provision of EDV provide breeders with a sufficiently defensible remedy to protect the scope of their investment in breeding? If not, please outline your specific concerns addressing the EDV provision/process and, if possible, how they may be improved within the context of this enforcement review.

The Mr Browne believes that it does not. If DNA profiling were required as part of the PBR application this would speed up the EDV process. It would also foil people piggy backing off the breeders PBR. Specifically in the tree industry a large part of the investment is in identifying elite parental germplasm. As many commercial traits are under additive genetic control, a second breeder can capture much of the gain of the first by crossing two protected parental varieties at a fraction of the cost. Perhaps a statutory provision could be introduced which would allow for certain accepted levels of probabilities in respect of a DNA test in order to establish EDV

Question 5: Is the cost of legal (including judicial) redress too onerous for you to undertake action against non compliers? Please document the nature of these concerns including where cost would cause the cessation of continuing legal redress.

In the opinion of the Mr Browne, the burden of legal costs due to rigorous evidentiary requirements relating to experiments as evidence and the cost of expert evidence is debilitating. Unscrupulous operators (the main ones to be worried about) will force action where they believe the Rights holder will not defend due to cost and time resources. The daunting prospect of defending an action in the Federal Court is both a disincentive to a legitimate rights holder, and a tool for exploitation by an unscrupulous operator

Question 6: If the FMC had the jurisdiction to hear PBR matters, would this influence your decision on whether or not you pursued a PBR enforcement action?

Recently week the government announced that the FMC could hear trade mark and design infringement cases. The monetary jurisdiction level of the FMC in Trade Practices cases is \$750,000 in damages. The FMC has specialist panels and, copyright and trade practices fall under the heading of the Commercial Panel. With the enlargement of the jurisdiction to hear trade mark and design matters it is assumed that there will be specialist magistrates appointed to deal with these cases. Consequently the same should happen for PBR cases. It is very important to note that if the FMC is used, there will not be a great costs saving for litigators (the cases will still be complex and the legal advisors will still have to do the same amount of work to on an hour charge out rate time basis). Furthermore because of the reduced scale of costs recoverable in the event of a win, the winning party will be able to recover less of the costs than he or she would have if the litigation had been in the Federal Court. What perhaps should happen is that immediately after an action has been instituted in the FMC and discovery has been completed, the FMC should send the matter to be mediated. The mediation should be referred to a panel consisting of two or three experts, one of which would have to be a lawyer. If mediation doesn't settle the matter then the court proceedings can continue. It should be noted however that because we are dealing with Mother Nature who doesn't understand or work to the same time tables as the courts do. Consequently PBR actions in the FMC will not be any quicker than in the Federal Court. It would also be useful to have regulations in place in the FMC to simplify procedures with expert evidence and the proving of infringement by the use of DNA profiling. At present in the Federal Court before evidence of experiments can be tendered as evidence both sides have got to agree on the methodology for conducting the experiment ie carrying out the DNA testing. Some times it a costly and time consuming exercise to get an infringer to agree to the methodology proposed by the breeder for obvious reasons. Anything that makes it easier for a Rights holder to minimise the cost and time commitment of asserting his/her rights will also be a disincentive against blatant abuse of rights by an unscrupulous operator.

Question 7: Please inform ACIP of any limitations you perceive in extending the jurisdiction of the Federal Magistrates Court to cover PBR matters.

See above

Question 8: Is evidence collection constraining your ability to undertake effective legal redress in PBR matters? Please document your concerns.

Yes all of the matters mentioned above are germane. Anton Pillar orders are almost impossible to obtain as evidence of possible destruction is hardly ever available. As to mediation see the answer to question 6.

Question 9: What changes would assist breeders (and their legal advisers) in obtaining sufficient evidence to successfully undertake appropriate enforcement measures? What other ideas may help alleviate the difficulties in obtaining evidence?

A statutory requirement to permit entrance and inspection would be helpful. Adoption of a similar system of information notices as occurs within the UK would also be helpful. This would undoubtedly strengthen the teeth of the Act. There are precedents with even stronger teeth in other Acts such as the National Parks and Wildlife Act that give Officers under this act the right to enter and search without a warrant. The difficulty is that any "officer" appointed under an Act is unlikely to be as well equipped to discover propagating material as the owner of that material. This may however be overcome by allowing appropriately qualified person to accompany the officer.

Question 10: Is the burden of proof on plaintiffs too onerous in PBR matters to allow effective legal redress? Please document and quantify if possible.

In the opinion of the Mr Browne, it is. It is unlikely that the legislature would approve of strict liability test. Assuming this to be so, consideration could be given to making the offence one of strict liability once certain thresholds have been reached. The burden would also certainly be ameliorated if there was a statutory right to enter, inspect and take samples

Question 11: Please outline changes you consider may alleviate concerns over the burden of proof requirements on the plaintiff in PBR matters. See answer to question 10 above. In addition, DNA fingerprinting provides the best option for unambiguously proving a claim. However, this also involves cost, and development of informative markers for new species can be expensive. Use of unambiguous DNA evidence coupled with the FMC could possibly provide a very fast process to dispute resolution. However, it is the opinion of Mr Browne, that it is critical that a standard for fingerprinting should be included in the Act to avoid escalation to a costly dispute over the validity of the DNA evidence, which would obviously devalue the benefit of fingerprinting.

Question 12: Are there terms used in the PBR Act causing difficulties for grantees and their legal advisers when undertaking, or considering undertaking enforcement action? What actions could be undertaken to improve the understanding of specific terms used in the PBR Act?

See the addendum to this paper setting out sections of the act which require consideration in the interests of giving clarity to the act. The government may consider using the Regulations to provide guidelines to what the definitions mean or may simply attribute meanings to the definitions in the regulations to the act.

Question 13: Would the introduction of 'exemplary damages' in the PBR Act enhance the incentives for grantees seeking judicial relief and facilitate more effective enforcement mechanisms? If yes, please provide your reasons and, if possible, suggest criteria for determining exemplary damages.

Other IP laws eg the Copyright Act provide for exemplary damages. These are usually granted where there has been blatant copyright infringement. This test has been reviewed by the Courts and is now an accepted test. In addition the Mr Browne would encourage the imposition of what applies in the USA ie treble damages for infringement. This would act a major deterrent. On this basis the Court would not have to use its discretion to determine the quantum of the exemplary damages. On the same basis, as is now the case in the Supreme court of Victoria, there should be a provision to award exemplary costs if there has been a clear case against a defendant which has the defended the case in the face of a very strong case against it.

Question 14: Please provide your views and/or experiences concerning the utility of criminal sanctions available to PBR rights owners to protect their rights.

The provisions of the Act in relation to criminal proceedings are largely unused. It may be different however if the burden of proof was lowered to the balance of probabilities. Although success in criminal proceedings may not provide the breeder with any monetary compensation it would establish a very useful precedent for the breeder to bring civil proceedings based on the result of the criminal proceeding. The main issue however is that the Federal Police are unlikely to act on infringement of PBR.. Is there any way that infringements could be brought under the jurisdiction of State Police? Although criminal action would not deliver compensation to a rights holder, a successful prosecution will result in the diminution of the value of the Right by unauthorised propagation and would be worth its value by saving the rights holder the time, expense and anxiety of prosecuting a case. Naturally the rights holder could still pursue civil proceedings if the criminal case was successful as against the infringer.

Question 15: Would mediation be of net benefit in plant breeder's rights disputes? Please provide reasons for your views and, if possible, the mechanisms in which mediation could be introduced (mandated?) for PBR enforcement matters.

In short it would be of benefit. There are two schools of thought in relation to mediation in litigated matters. One believes that mediation should begin immediately an action has been instituted. The other believes that mediation should only take place after discovery of documents by both sides and a defence has been filed. Mr Browne is a supporter of the latter view because without a defence one cannot know what the respondent is going to allege in its defence and without the documents the applicant would have to rely on the veracity of the respondent. The driver of most litigation is a breakdown in trust between the parties and accordingly asking an applicant breeder to trust a person who the applicant believes is infringing the breeder's rights is a very big ask. It should also be noted that that under the heading of ADR there is also the possibility of arbitration. Mr Browne would not recommend going down the arbitration route. It is more expensive than litigation because one has to pay the "judge"; it is less flexible than mediation because the arbitrator makes an award like a court makes a judgment; and the parties themselves do not have a say in what dispute resolution they prefer as is the case in a mediation where the parties sign a settlement agreement which sets out the terms of the settlement, which they have agreed upon.

However it should be note that mediation may not work in every case. Especially where the infringer is morally corrupt. By their nature, bad-faith infringers are likely to not behave rationally, and are unlikely to settle through mediation. Worse, they can manipulate mediation as a means to delay resolution in the hope that a Rights holder will give up. Where mediation is appropriate and likely to lead to success between parties, then the parties will come to this conclusion independently of a court.

Question 16: Is the importation of PBR protected plant or parts of plants (flowers) infringing your PBR right to a significant extent? Please provide details of your concerns and, if possible, quantitative estimates of the losses you sustain.

No Comment

Question 17: Please suggest options for addressing your concerns regarding the importation of PBR protected plants or plant parts.

As with Patents and Registered Designs, there are no customs seizure provisions in the PBR Act. It is suggested that the reason for this is that the Customs officers do not have the necessary skills to identify patent or design infringement by looking at them. On the other hand trade marks and copyright infringements are reasonably easy to identify by the naked eye and specific technical skills are not required to do this. It is otherwise with patents, designs and PBR and Mr Browne does not see this being changed in the foreseeable future.

Policing the importation of PBR protected plants or plant parts is a difficult issue, particularly as customs and quarantine officers are not likely to have the skills to recognise protected varieties, and given the perishable nature of the imports. However one of the only possible options would be to undertake random checks as a deterrent. This could be feasible with the use of rapid DNA testing procedures.

DNA testing is commonly thought of in the context of establishing a very high probability that two sources of material are genetically identical or genetically related. This usually requires expensive and timely development of informative markers. In this situation, a probability is attached to the result.

However, DNA testing can also be used to confirm if two samples are not identical or related. This is a much simpler test as it only requires identification of a single marker difference between the test and reference sample (although in practice a number of marker differences might be identified). If any markers differ between two samples, then this confirms that they are not identical.

Tests to confirm a difference are suited to use of random genetic markers, and so avoid the need for costly marker development. Techniques such as AFLP (Amplified fragment length polymorphic DNA) are highly efficient at producing informative markers, even for species with low heterozygosity (eg Peach).

A small sample of random AFLP primer sets has a very high potential to produce markers that can differentiate genetic difference between samples of different genetic origin, even between individuals of the same full-sib family. This technique is also very quick to carry out. Analysis could be carried out in less than 24 hours though a dedicated lab facility. An AFLP screen that finds marker differences between two samples can be 100% confident that they are not the same. A result that finds no marker differences cannot be 100% confident

that they are the same, but the *practical* probability, even between full-sibs, is extremely low. A result of no marker differences between a test and control sample could then be used to alert customs staff to undertake further investigation.

Use of this technique would require the availability of benchmark DNA for protected varieties. This could be held in three forms: as living plants, as -80°C frozen plant parts, or as purified DNA. Facilities such as Southern Cross University's DNA Bank provide a DNA storage and resource centre - effectively the equivalent of plant resource centre. This logically leads to the option of submitting a DNA sample for all new registered varieties. The benefit of storing a DNA sample as opposed to a fingerprint is that the DNA sample can be used to produce a fingerprint using the technology available at the time, whereas technology for producing a fingerprint is constantly evolving.

Question 18: Are difficulties in varietal identification constraining your ability to enforce your PBR right effectively? Please document your concerns and, if possible, provide quantitative estimates of losses.

No Comment

Question 19: Would you suggest alternative variety identification options that may address your concerns?

DNA

Question 20: Do molecular technologies have significant utility for reducing low compliance rates in variety identification? Do these technologies require additional development to improve their utility? Please document your reasons.

In the seed and grain industries there are problems in identifying varieties using DNA fingerprinting. However in the fruit, ornamental tree and flower industries the technologies are much more accurate.

Clearly this issue is complicated where grain from several varieties may be mixed on-farm prior to delivery at the accumulation point. DNA fingerprinting could be used as a deterrent on a similar principle to drug testing athletes, however, this is unlikely to be a powerful deterrent, and it will remain difficult to conclusively prove quantities for any particular variety where two or more varieties are mixed. It seems this system is wide open to abuse, and may need to be addressed by alternate royalty collection means.

As mentioned under Q11, routine use of DNA will require development of a set of informative markers. This is not an issue for intensively studied crops such as wheat, but may be an issue for less intensively managed/studied volume taxa.

Question 21: Would you support the establishment of a central coordinating body for plant breeders to assist with enforcement? Please provide reasons for your view and indicate which of the above functions should be undertaken by such an entity.

Yes because it has tended to work in countries where it has been established. Establishment of a peak body could be a useful tool and provide benefits similar to such things as in terms of standard contracts, giving comfort to users of PBR. A more standardised system regulated through a peak body may reduce propensity to violate breeders' rights

Question 22: Please document any other activities that would be appropriate for such a body and the reasons for including these activities.

No comment.

Question 23: What methods or mechanisms would assist PBR owners in obtaining evidence in small communities, where the holder of the evidence does not wish to be involved in infringement actions?

If a Right is being infringed, then this needs to be dealt with up front, even in small communities. If a right holder is not willing to assert his rights, then it is likely that the infringement is not serious.

Question 24: Would a peak/specialist body provide an effective means for deterring infringement and undertaking infringement cases while remaining sensitive to specific issues of small rural communities?

It might be an effective means as it works in the case of the statutory collection agencies established under the Copyright Act. Eg APRA v Telstra (the Telstra "on-line music" case)

Question 25: Is there a need for additional education and awareness programs in particular sections of the plant breeding and/or variety user industries in Australia? If yes, please nominate the sector, the nature of the information program required and an appropriate delivery mechanism.

Yes see the answer to Q3. Further a Peak body may provide an appropriate delivery mechanism as a common source of information for both breeders and PBR users.

Question 26: Is there a need for a body to provide relevant information and procedures (e.g. an enforcement hot-line) for breeders wanting information on enforcement matters? Who should perform this role? Please provide reasons.

A Peak body may align with a group such as ACIPA to provide information on enforcement issues. Establishment of multiple organisations separate to a peak body will be confusing for all involved in the industry.

Question 27: Are you aware of any effective and efficient IP management strategies that may have utility to the Australian plant breeding industry? If so, would you supply the details and/or where the information may be obtained?

Without mechanisms to provide stronger "teeth" PBR has limited additional value to common law contracts. Although the Act provides a property right, responsibility for enforcing this right currently resides entirely with the PBR holder in a way that responsibly for enforcement of a breached contract resides with the aggrieved party.

ADDENDUM

PLANT BREEDERS RIGHTS ACT 1994

Sections of the Act which require consideration.

Section No.	Section Title	Comment
3	Definitions	The following definitions are not clear considering that this Act applies to all manner of plants, seeds, grains, fruit, flowers and other plants: "conditioning", "essential characteristics", "genetic resource centre", "propagating material".
11	General Nature of PBR	The acts which are set out in this section which are the inalienable right of the plant breeder are affected by the definitions.
14	Extension of PBR into harvested material in certain circumstances	The way the section has been drafted, it appears to refer to seeds. There is great difficulty in dealing with it in relation to fruit cultivars because it is affected by the terms set out as troublesome in the definitions. The UPOV Convention defines "harvested material" in Article 16 as including entire plants and parts of plants. The Act does not include this description.
15	Extension of PBR to products obtained from harvested material in certain circumstances	The same comment as applies to 14 applies to this section.
23	Exhaustion of PBR	The Cultivaust case sought to clarify this section but has not produced any clarity in relation to it.
43(10)	Registrable Plant Varieties	The definition of "plant material" causes problems because it imports the definitions from the definition section which themselves are not clear.
53	Infringement of PBR	Because this section deals with and is subject to section 16, 17, 18, 19 and 23 and because it imports section 11 it causes difficulties.
57	Innocent Infringement	The onus in this section is on the innocent infringer and the tests for innocent infringement are not specific enough. The tests are based on objective ground yet section 57(2) is based on a subject of ground. This inconsistency causes confusion.
70	Genetic Resource Centres	It is difficult to know where one finds a genetic resource centre for any particular plant.
74	Infringement Offences	Although infringement offences are able to be prosecuted by the Australian Federal Police, query whether any prosecution has ever taken place in Australia? In other words are the Australian Federal

	Police interested in bringing such prosecutions.
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