



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



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**Advisory Council on Intellectual Property**

**A Review of Enforcement of Plant Breeder's Rights**

**ISSUES PAPER**

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

**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.

- DAFWA does not have any issues with the current farm saved seed exemption 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. The difficulties of tracking varieties for royalty collection should be resolved by other means.

**Question 2:** Has the *Cultivaust* judgement 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.

- As one of the Parties involved in the *Cultivaust* case, DAFWA has significant legal background to the subject. Both DAFWA and our legal advisors from State Solicitor’s Office believe that the case judgement did not provide adequate clarification and that we should be very cautious in relying on Mansfield J interpretation of the Act.
- The issue relating to Section 14 and 15 and the use of the term ‘reasonable opportunity’ continues to be raised in DAFWA’s discussions with our legal counsel. Our legal counsel have advised that in matters relating to the grains industry, does not need to it is not necessary to rely on Sections 14 and 15 of the PBR Act as “grain/harvest material” is the same as “propagating material” and therefore Section 11 would apply. The purpose of Sections 14 and 15 is for plants where the harvest material is a different form to the propagating material (ie fruit trees and fruit).
- Therefore DAFWA’s concern with Section 14 and 15 relates to the overall application of the Section. DAFWA would welcome clarification on whether Section 14 and 15 were relevant to the grains industry.

**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.

- DAFWA would support continued education and awareness programs of PBR legislation. On going education programs targeting growers is vitally important and should be supported through investments from relevant industry stakeholders.
- Current education programs should be developed for targeted groups such as traders and direct end users of the varieties and the material. For example an education program specifically designed for grain traders and feedlot or other direct end users outlining their PBR obligations and rights would be extremely beneficial.

**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

From a horticulture perspective:

- The anomalous nature of the Australian legislation, where only a cosmetic difference is deemed to be grounds for declaration of Essential Derivation and the removal of “any important features” as grounds for ED seems to contradict the intention of the legislation – to protect the scope of the investment in breeding and works against the interests of the breeder of the initial variety. This is contrary to interpretation in the other jurisdictions where essential derivation provisions apply.
- DAFWA’s understanding from interaction with the administrators of PBR in those other jurisdictions, where essential derivation provisions apply, is that a selected natural mutant would be included under the definition of EDV irrespective of whether the difference is cosmetic.
- DAFWA understands that under UPOV the member states are only obliged to meet the minimum standards of the guidelines. However, the unique nature of the addition of the “cosmetic” descriptor does not enhance the intent as it does not protect the breeder’s investment. It erodes the benefit from that investment.
- DAFWA recognises the importance of rewarding the breeder of a discovered sport. However, DAFWA does not believe that it is appropriate if that sport demonstrates an important difference that that entitles the breeder of the derived variety to ignore the importance of the initial variety and of the work involved in producing that variety. Without the initial variety there would be no derived variety.
- DAFWA believes that the whole purpose of the EDV provisions is to recognise both the breeder of the initial variety and the breeder of the new variety, and to remove the disincentive of derived varieties claiming the benefit of the original variety.
- Consistency in PBR legislation – wherever practical - between member states is useful when managing varieties on a global scale. DAFWA believes that removal of the significant difference between the Australian legislation – where a variety will not be regarded as an EDV if it the differentiating features that it exhibits are “important” would improve the legislation.
- A sport of a successful fruit variety is very clearly “piggy backing” on the investment of the initial variety.
- DAFWA agrees with the recommendation of the 2002 report entitled ‘Clarification of Plant Breeding Issues under the Plant Breeder’s Rights Act 1994’ where it recommended that the PBR Act enable an application for declaration of EDV to be made over all varieties irrespective of their PBR status.
- DAFWA also agrees with the comment that the application process for declaration of an EDV is too slow to provide sufficient utility to protect the investment of the breeder of the first variety. This is particularly relevant when dealing with fruit varieties that require an extended term between

acceptance and grant – by which time the breeder of the second variety can have collected royalties from several years' sales.

- DAFWA believes that the process for determination of EDV should be as in other jurisdictions - where necessary be determined by the courts and not the PBR office.

**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.

- While a low cost option would obviously be preferred, cost is not currently the deciding factor in determining whether to proceed with legal redress. The critical factor is the severe limitations on the ability of breeders to investigate alleged breaches and uncertainty in the interpretation of terms in the PBR Act. If these are alleviated, cost is a secondary factor.
- Few cases have tested the PBR Act and occasionally comparisons are made between the protection of IP in agriculture and the music industry. The music industry has and continues to test and fully utilise its IP protection powers on the basis that the economic rewards potentially outweigh the legal costs. The potential economic return of varieties does not match those of the music industry and thus the number of organisations willing to proceed with legal redress is small. Despite this, the PBR legislation is paramount to ensuring that research, development and commercialisation of new varieties are available in Australia.

**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?

If extending the FMC's jurisdiction would result in faster, and cheaper alternative, this expansion may be supported by DAFWA, subject to the concerns outlined in question 7 being addressed.

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

- DAFWA understands that approximately 80% of the FMC's workload is family law. Given this, it would need to be ensured that the Magistrate hearing a PBR issue has IP expertise, and a strong understanding of PBR matters.
- DAFWA has received advice that there is an argument that only PBR matters not considered 'complex' would fall within the proposed extended jurisdiction of the FMC. Difficulties would therefore exist in determining in advance whether a matter is suitable for the FMC, or whether jurisdiction remains with the Federal Court (FC).
- The ability to transfer matters between the FMC and the FC is also of concern (especially given point 2, above). It would need to be ensured there were clear guidelines as to what forum is most appropriate, and a quick, simple process for the transfer of cases.

- The likelihood of appeals from the FMC is greater than from the FC. Given this, it is possible that the overall cost and time involved would make the FMC slower and more expensive than the FC.

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

- This is currently the single greatest impediment to legal redress – mostly through closed community issue noted below.
- DAFWA has been unofficially informed of alleged PBR breaches, but without formal notification is unable to proceed with legal redress.
  - The PBR Act does not allow breeders to enter land to conduct investigations, and we have legal advice that information gathered under the Seeds Act (which does allow such entry) cannot be used for a PBR prosecution. Breeders are therefore dependant upon growers / community members being willing to sign sworn affidavits before legal redress can begin. This is unrealistic, given the ‘closed community’ issue as noted in Question 24.
- There are similar evidence collection constraints on criminal prosecutions (as noted in Question 14).

**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?

- Grant breeders (or their agents) the right to enter property when they have reasonable concern to investigate.
- Establishment of independent body with the power to enter land and investigate
  - Allow the provision of anonymous information
  - Provide a structured, straight-forward, cost effective relief mechanism
- Reverse the onus of the burden of proof. That is – make it an obligation of the grower to demonstrate they are not breaching PBR, in line with the USA, Canada, India and the Philippines.

**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.

- As described above in answers to questions 8 and 9

**Question 11:** Please outline changes you consider may alleviate concerns over the burden of proof requirements on the plaintiff in PBR matters

As mentioned under Question 9, reversing the burden of proof may assist in removing (or lessening) burden of proof requirements.

**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?

- Refer to comments regarding to 'reasonable opportunity' made in Question 2.
- DAFWA's grain breeding program has led the development of the grains industry EPR program. DAFWA and GRDC are in the process of establishing a private wheat breeding company which will in the medium term be fully dependent on its ability to collect an EPR. The application of the PBR Act and our Grantee rights to generate a return on investment is paramount to the success of the company.
- The grain marketing environment and in particular the wheat market is rapidly evolving with increased number of traders, handlers and end users operating in the system.
- DAFWA has a vision of redesigning the grains EPR collection system, where the Grantee's utilise their rights further down the supply chain. Currently the EPR is placed on the grower but DAFWA would like to utilise its PBR rights by placing the royalty on the grain traders or first end users. Due to changes made to Section 18 in the previous amendments of the Act, DAFWA believes that we have these current powers in respect of grain traders but that we do not have any powers over direct end users such feedlotter or ethanol plants.
- Section 11 of the Act is constrained to propagating material and provides no powers over direct end users. As the grain industry continues to restructure and end uses change, it is vital that we expand the powers of Section 11. DAFWA recommends that Section 11 have the act 'use' inserted as 11 (h).
- The suggested modifications to Section 11 are within the current specifications of the UPOV Convention, where Article 14 (4) allows for 'additional acts' to require the authorization of the breeder.
- DAFWA expects that some stakeholders may have concerns with this broad expansion to Section 11 and therefore we recommend that the expansion of the application to include 'use' is curtailed to propagating material only. This could be achieved through an amendment to Section 15 where the proposed new Section 11 (h) is excluded from Section 15.
- DAFWA would also recommend that the onus of proof for Sections 14 and 15 be reversed so that the infringer had the responsibility of proving that the PBR Grantee had not utilised a 'reasonable opportunity' to exercise their rights. This would also be improved if a definition of 'reasonable opportunity' was provided.
- DAFWA also seeks clarification on the use of the term 'consent' in Section 23 Exhaustion of PBR. DAFWA seeks to understand how the term 'consent' would apply in relation to the Grantee selling the initial seed to either a licensee or a grower and the harvested material and subsequent generations of crops being sold by the grower to a grain trader. Is this sale undertaken by the grower made with the Grantee's consent or was in merely contemplated.

**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

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

- DAFWA has previously examined the possibility of criminal charges, but (as outlined in Question 8) the Federal Police want official notification to launch an investigation. As noted, this is not going to happen with the current closed community situation.
- A criminal investigation would require the support of other community members, or their willingness to give evidence. Even without the closed community issue, it is unlikely many people will be willing to be involved in a police investigation.
- The police are unfamiliar with the PBR Act, and it is unlikely this form of investigation would be seen as a high priority, as police resources are focused on areas of greater immediate threat to the wider population.
- It is also likely the involvement of the Federal Police would generate considerable bad will towards the relevant breeder, as seeking to lay criminal charges would be seen as an unfair overreaction to the actions of a small business. It would also damage relationships with the grower in question, who may be a licensee of other varieties, and is, in any event, a grower whom the Department has a mandate to assist.
- Seeking a criminal sanction will result in the breeder having to meet the higher burden of proof, without removing any of the obstacles to obtaining evidence, or providing any substantive benefit to the breeder.

**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

- Mediation may be of assistance in providing an interim step prior to litigation, to allow the parties to clarify their respective positions.
- The mechanisms for mediation already exist, as under s53A of the *Federal Court Act 1976*, the FC may refer the whole, or part of any proceeding to a mediator. (This is now done routinely by other courts). Due to the specialist nature of the PBR Act, it may be appropriate to have a specialist Registrar, capable of providing mediation services after parties have filed initial proceedings, but before commencement of the hearing.

**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.

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

**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.

- DAFWA has undertaken two grain variety identification audits and the results indicate that variety misdeclaration is uncommon and thus not responsible for significant loss of royalty revenue. Although, DAFWA would welcome improved variety identification technology, particularly cost effective in-situ equipment at grain receival centres. The increased use of variety identification technologies should be supported by complimentary education about PBR rights and obligations.

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

**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.

These technologies require further development to enhance their usefulness in agriculture. The acceptance of DNA fingerprinting as a method of varietal identification would support building further protection for breeders of new plant varieties.

**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.

- While support for a central body would greatly depend on the constitution, membership and format of such a body, in general DAFWA would support the establishment a central body with the following characteristics:
  - Not for profit. It is a matter for further discussion and examination how this should be funded. It is suggested that at least a portion of the funding should be received from the Commonwealth, as the primary function would be administration of a Commonwealth Act. Membership fees could also be considered.
  - Educational role. One of the main issues with the PBR Act is lack of understanding how it operates, what it covers, and the restrictions it imposes. While general information is available on the IP Australia website, this body would be able to provide more detailed information, and act as a central contact point for specialist PBR questions.
  - Voluntary membership. If the body will be funded by fees, then compulsory membership would be inappropriate. However, if the body is a govt agency – membership (as such) may not be necessary.
  - Enforcement role. DAFWA sees the primary purpose of this body as being a central agency with the power to investigate alleged PBR

offences. As outlined in other questions, there are serious issues surrounding the ability of breeders to investigate alleged offences, and prosecute those responsible. An independent body would provide an impartial method of obtaining detailed, valid information, which could be used to commence legal action. (Similar to the role of the ACCC in administering the Trade Practices Act.)

- However DAFWA would not support such a body having responsibility for royalty collection, or any aspect of commercialisation, which should remain with the breeders. Separating these areas would allow the body to remain independent, rather than become an agent of the breeders, and would allow it to become highly specialised in the enforcement role.
- This body should also recognise the differing industry structure and PBR requirements of Grains, Pastures, Horticulture and Floriculture, and should treat each according to its needs, rather than try to create a standard approach for all. (E.g. the EPR system present in the Grains industry result in different enforcement issues compared to the seed royalty system used in the Pasture industry.)

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

**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?

- As outlined in question 21, DAFWA would support the creation of an independent body to whom anonymous / confidential information could be provided, who would then have power to investigate on behalf of the breeder. (Similar to ACCC).
- The process for parties to provide information should be simple and non-confrontational, and parties should be able to remain confidential if they wish. (Similar to hotlines for other illegal activity). Anonymous information could result in a low-key investigation, which would only proceed if supporting evidence was found, thus reducing the possibility of malicious anonymous complaints.
- This would promote safety for those wishing to do the right thing, and reduce the complacency of those in breach re the likelihood of a formal investigation / enforcement.

**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?

This would depend on the powers and structure of the independent body. It is hoped so.

**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.

- Additional education should be a priority. There is currently a high degree of confusion about the protection PBR provides, and what may / may not be done with PBR material. There is also confusion over investigation and enforcement, which will hopefully be addressed by the changes suggested above.
- An appropriate delivery mechanism (for any industry) – is likely to be a small group actually visiting rural areas and answering specific PBR queries, in addition to the provision of general information. Again, should recognise differences between PBR products, and should not attempt to treat them all the same.
- Commonwealth funding should be made available to breeders to conduct own programs based on local needs, as well as programs conducted by central body.

**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.

- While more education is needed, a hot-line may be excessive. Rather, the independent group referred to previously should be easily accessible, and be able to provide accurate information on all aspects of PBR (i.e. enforcement info to breeders, plus education info to growers).
- Ideally, this should be managed by a central body (Question 21). In the absence of this group, as IP Australia are already involved in the administration of the PBRA (through the PBR Office), the responsibility for this role should be placed with them. They have background on the issues, and are independent from the breeders and growers.

**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?