

1 September 2021

Ministry of Business Innovation and Employment
Wellington

By email: PVRActReview@mbie.govt.nz

RE: Plant Variety Rights Act 1987 review: Proposed Regulations

The New Zealand Law Society | Te Kāhui Ture o Aotearoa (Law Society) welcomes the opportunity to comment on the discussion paper *Plant Variety Rights Act 1987: Proposed Regulations (consultation paper)*. The Law Society's Intellectual Property Law Committee has considered the discussion paper. We have not responded to some questions in the discussion paper that relate to policy matters outside the Law Society's remit and expertise. Responses to the remaining questions are set out below.

The Law Society has also submitted on the Plant Variety Rights Bill 2021.¹

The Regulations

2.1 PVR regulations - general

Do you agree with MBIE's proposal that the new PVR regulations be adapted, as far as possible, from corresponding provisions in the Patents Regulations 2014?

Yes

Regulations adapted from the Patents Regulations

3.1 Regulations adapted from the Patents Regulations

Do you agree with the outline of regulations to be adapted from the Patents Regulations set out in the table above? If not, please explain which aspects of the outline you disagree with, and why?

The patents regulations only require documents to be filed to obtain a filing date. In contrast, the plant variety Rights regulations will also require certain quantities of seeds or other reproductive material to be filed. The Law Society considers that applicants should be entitled to obtain a filing date on the date that they transmit documents electronically. When material, such as seeds, needs to be supplied this should be able to be done within a reasonable time to allow for the material to be forwarded by mail or a courier without the loss of the filing date.

¹ NZLS submission on Plant Variety Rights Bill: <https://www.lawsociety.org.nz/assets/Law-Reform-Submissions/Plant-Variety-Rights-Bill-1-7-21.pdf>

There is also a potential problem with the requirement to submit digital photographs. In *Energy Beverages LLC v Frucor Suntory New Zealand Ltd*,² it was noted that the colour swatch reproduced on the register of the trademark did not accurately reproduce the colour of the swatch of Pantone 376C provided in the applicant's application. This problem seems to have arisen because of inadequacies in the IPONZ computer system. Many types of varieties protected by PVRs rely on their colour for distinctness. Examples include ornamental plants as well as some fruit varieties. If the inability to accurately reproduce coloured photographs submitted digitally is a continuing problem with the IPONZ computer system, this should be considered in the requirement to file colour photographs of putative varieties when an application is made. PVR holders should not have the validity of their material questioned due to inaccurate IPONZ reproduction of digital files supplied by the applicant.

PVR specific regulations

4.1 Denominations

Which of the two options for the time limit for submitting a replacement denomination do you support? Please explain why.

There should be a set time for proposing a new denomination. Although the denomination seems to be considered an important requirement of a PVR grant, many PVR holders and their advisors recognise that as soon as the PVR grant expires, the denomination becomes a generic to be used by anyone. Therefore, they do not put much time into devising a complex denomination and instead rely upon separate trademark protection for identifying the variety. The trademark protection remains after the PVR grant has expired.

4.2 Denominations

If you favour option (i) should the prescribed period for submitting a denomination be extendible? If so how long should any extension be, and on what grounds?

The time should be extendible to take into account that errors or omissions in meeting deadlines do happen.

4.3 Examination

Do you agree with MBIE's proposals for the time limits for providing information and propagating material in relation to a PVR application? If not please explain why.

We agree that there should be a time limit, but the length of the time-limit should be determined through consultation with breeders. It may be that material can only be supplied at certain times of year subject to the season and that it cannot be passed through quarantine facilities to make it available. Setting arbitrary time limits could sometimes make the deadline impossible to meet.

4.5 Examination

Do you consider that the two month period for paying trial or examination fees is reasonable? If not, please explain why.

Subject to the consideration set out in the answer to question 4.3, the period is reasonable.

4.6 Examination

² [2020] NZHC 3296 (14 December 2020), at [3].

MBIE proposes that the prescribed period be extendible only under genuine and exceptional circumstances. Do you agree with this? If not, what extension (if any) should be available, and under what criteria?

The genuine and exceptional circumstances test has been held to mean “out of the ordinary’. This can be a high threshold to reach. There will be cases where the plant material is held in quarantine or is unable to be entered into quarantine (refer to question 4.3). It would be unfair to an applicant if these factors were held not to be genuine or exceptional. The Society considers it is essential that the test make clear that an extension will be able to be obtained where plant material is held in quarantine or unable to be entered into quarantine.

4.7 Examination

MBIE has proposed that the regulations empower the Commissioner to set the conditions of a growing trial. Do you agree with the conditions proposed by MBIE? Are there any other conditions that you think the Commissioner should have the power to set?

Because it is the Commissioner who decides whether a variety is eligible for a grant, the conditions of a trial should be set by the Commissioner. However, it may be that some of the conditions are impossible to be met by an applicant, so there should be some flexibility to take this into account. For example, comparator varieties may not be available in New Zealand for a trial. This is a practical problem which the Commissioner and the applicant should be able to deal with through negotiation.

4.8 Examination

MBIE proposes that where the Commissioner chooses to rely on a growing trial conducted by an overseas authority, and two more such reports are available, the Commissioner should determine which report to rely on. Do you agree with this proposal? If not please explain why.

For the same reasons given in answer to question 4.7, we agree that the Commissioner should determine which report to rely upon.

Compulsory licences

4.9: Do you agree with the proposed procedure for dealing with compulsory licence applications? If not please explain why.

4.10: If you disagree with the proposed procedure, what other procedure could be used?

Paragraphs [87] – [92] of the consultation paper set out a proposed procedure for dealing with compulsory licences. We have previously commented on compulsory licences in our response³ to the 2019 options paper, ‘Review of the Plant Variety Rights Act 1987’.

A compulsory licence application differs substantially from a trademark opposition for reasons which are explained below. We consider that the patent opposition procedure is the model which should be adopted for compulsory licence applications. This fits more neatly with the intention of MBIE to use the patent regulations more generally as the model for the proceedings under the new Bill.

³ NZLS submission, Options Paper: Review of the Plant Variety Rights Act 1987:
<https://www.lawsociety.org.nz/assets/Law-Reform-Submissions/0008-139274-I-MBIE-PVR-options-paper-11-9-19.pdf>

(a) The compulsory licence application

At clause 103(1)(b) of the Plant Variety Rights Bill, one of the criteria for the granting of a compulsory licence is that:

... the applicant has been unable, after making reasonable efforts, to obtain authorisation from PVR holder to undertake the restricted acts in respect of which the compulsory licence is sought.

In addition, the Law Society considers that the application should be required to set out the proposed terms of the licence. A PVR holder cannot realistically be expected to deal with an application when none of these details are provided.

The need for this detail means that (as with many patent proceedings before the Commissioner) the applicant should be required to file with the Commissioner both an **application** and a **statement of case** dealing with standing, qualification to apply and the proposed terms and conditions of the licence.

(b) The evidence in support and in opposition

The evidence both in support of, or in opposition to, a compulsory licence application is likely to be extensive. The evidence will likely include expert evidence from economists, lawyers (concerning the usual terms in IP licensing) and others. The Law Society submits that the two-month period for filing evidence (under the Trade Marks Regulations model) is inadequate.

The time for filing evidence should be comparable to patent opposition or revocation proceedings before the Commissioner under Regulation 94 or 103 Patents Regulations 2014 as follows:

- By the applicant four months after the filing of the counterstatement.
- By the PVR owner four months after receiving the applicant's evidence.

(c) Discretion of the Commissioner

There are two parts to a compulsory licence application. The first is whether the criteria for standing and ability to obtain and work a licence are met. The second concern is the terms of the licence. While it may be efficient in most cases to deal with both issues together, provision should be made for the Commissioner to have a discretion to order sequential hearings in appropriate cases.

Other Issues

5.1 Objections before grant

Do you agree with the procedure proposed for objections before grant? If not please explain why.

Yes.

5.3 Requests for propagating material or information from PVR owners

Do you agree with the proposed time periods for providing information or propagating material relating to a granted PVR? If not please explain why.

Time limits for supplying propagating material must be subject to seasonal variations in the availability of such material. For example, if the owner of the grant is in the northern hemisphere propagating material, such as budwood, might not be available within the time limits set by the Commissioner. Also, the conditions under which material is held is important to the grantee. Such

material should be subject to a requirement that it will not be released to a third party, or, if it must be released, it is subject to the strict condition that it must not be used in any way which would infringe of the plant variety right.

5.4 Requests for propagating material or information from PVR owners

MBIE proposes that the proposed time periods not be extendible. Do you agree with this proposal? If not what extensions should be available and under what grounds should extensions be provided?

For the reasons given in the response to question 5.3, the time limits should be extendable to take into account seasonal variations in the availability of a propagating material or other practical reasons such as that the material is in quarantine.

5.5 Non-indigenous species of significance

When should the regulations listing non-indigenous species of significance enter into force? Should they enter into force with the Bill's non-Treaty provisions, or be left until the Treaty provisions come into force? Please give reasons for your response.

The regulations relating to treaty applications will not come into force until the Bill's Treaty provisions come into force, so the question answers itself. However, for breeders to plan for when applications should be lodged, the list of non-indigenous species of significance should be published as soon as possible.

We hope you find these comments helpful. If you have any questions or further discussion would be helpful, please contact the Intellectual Property Law Committee convenor, Greg Arthur, via the Law Society's Law Reform Adviser, Emily Sutton (Emily.Sutton@lawsociety.org.nz).



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