The New Zealand Institute for Plant and Food Research submission on Consultation Paper: Review of the Plant Variety Rights Act 1987: Proposed Regulations

Question 2.1 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.

Within reason, we broadly agree where practical in the context of a biological product. We look forward to having the opportunity to comment on the draft regulations as part of this consultation process, as advised by MBIE on 11 August 2021 at the PVR Technical Focus Group.

We note that renewal fees in the Patents Regulations are tiered and that the fee structure for PVR applications, examinations, and maintenance are being separately reviewed and are the subject of separate consultation documents.

Question 3.1 Do you agree with the outline of regulations to be adapted from the Patents regulations set out in the table? If not, please explain which aspects of the outline you disagree with, and why?

Within reason, we broadly agree where practical in the context of a biological product. We look forward to having the opportunity to comment on the draft regulations as part of this consultation process, as advised by MBIE on 11 August 2021 at the PVR Technical Focus Group.

Question 4.1 Which of the two options for the time limit for submission a replacement denomination do you support? Please explain why.

We support option one, however note that currently it is not a requirement to submit a denomination at the time of filing an application.

Question 4.2 If you favour option (i) should the prescribed period of submitting a denomination be extendible? If so how long should any extension be, and on what grounds?

Three months as proposed seems reasonable. We support consideration of an extension if any new proposed denomination is also deemed to be unacceptable. Further, we support consideration of an extension at the discretion of the Commissioner.

Question 4.3 Do you agree with MBIE's proposal for time limits for providing information and propagating material in relation to a PVR application? If not please explain why.

We support the implementation of reasonable timelines. We request that this is clarified to identify that the time limits for providing information and propagating material relates to information and propagating material of the candidate variety not comparators or reference varieties. Please reference The New Zealand Institute for Plant and Food Research Limited's submission to the Plant Variety Rights Bill 2021 for an explanation as to why this is necessary.

Question 4.4 If you disagree with MBIE's proposal, what alternative time limit regime should be adopted?

We support the inclusion of the ability for the Commissioner to exercise discretion.

Question 4.5 Do you consider that the two month period for paying trial or examination fees is reasonable? If not, please explain why.

We consider this to be reasonable.

Question 4.6 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?

We would support that this is at the discretion of the Commissioner. Given that an extension is intended to be granted in genuine and exceptional circumstances, on understanding these circumstances the Commissioner should be enabled to determine an appropriate timeline.

Question 4.7 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?

We support the regulations empowering the Commissioner to set the conditions of a growing trial. However, we request that the regulations include the requirement for consultation between the applicant and the Commissioner before trials commence to ensure that the trials run are as robust and high quality as possible. This would help ensure trials run to time which will save time and cost to both the applicant and the Office, giving confidence to both that the appropriate comparators are used and the appropriate conditions are applied.

Question 4.8 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.

The purchase of an overseas test report will usually be more cost effective and time efficient for an applicant than running an additional test in New Zealand. Given that the test report underpins our intellectual property right we think it unlikely that applicants are going to suggest anything less than the most robust test report. We request that the Commissioner be required to consult with the applicant prior to obtaining an overseas test report about the appropriate report to rely on.

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

General matters

Plant & Food Research agrees with the proposed procedure of notice of application for compulsory licence, counterstatement, sequential exchange of evidence and then a hearing. But there are some other matters that should be included in the regulations.

As far as we are aware, Plant & Food Research is the only PVR holder which has recently had to deal with an application for a compulsory licence. Accordingly, we are probably uniquely placed to comment on the procedure, informed by that experience.

If an application for a compulsory licence has been filed then the matter will almost inevitably relate to a variety of significant commercial importance where both parties will have a great deal at stake. The procedure should reflect that importance.

There are two significant parts to a compulsory licence application – are the criteria for granting a licence met and what should be the terms of the licence. Each of these parts requires extensive research and evidence. The workload in preparing the documents for a compulsory licence application is very significant.

Timeframes

The proposal is to adopt a procedure based on the trade mark opposition procedure. That opposition procedure allows for two months (extendable) for filing evidence in support of the opposition, two months (extendable) for filing evidence of the applicant and one month (extendable) for filing evidence strictly in reply.

By contrast the patent opposition procedure allows for four months (extendable) for filing evidence in support of the opposition, four months (extendable) for filing evidence of the applicant and three months (extendable) for filing evidence strictly in reply.

Plant & Food Research's recent compulsory licence application involved extensive evidence from witnesses of fact, plant breeding experts directly involved in the variety at issue, independent scientific experts, independent economic experts and independent legal experts (giving evidence about usual terms of IP licensing). The work required to gather this evidence was extensive and time-consuming. So, in the first instance it took Plant & Food Research approximately five months just to gather and file the necessary evidence in support of the opposition.

Given what is at stake in a compulsory licence application and the work and time required to gather the evidence, Plant & Food Research suggests that the timeframes similar to the patent opposition procedure are more appropriate than the timeframes from the trade mark opposition procedure.

The pleadings

Both the Trade Marks Regulations and the Patents Regulations prescribe matters that must be included in a notice of opposition. The Plant Variety Rights Regulations should also prescribe matters that must be included in the notice of application for a compulsory licence and the counterstatement.

Peculiarly to compulsory licences, those prescribed matters should include that the notice of application:

1. Sets out the grounds on which the compulsory licence should be granted: and
2. Sets out the proposed terms of the licence, including the proposed royalty rate, and the grounds for those proposed terms.

The counterstatement should have to engage with the proposed terms of the licence, even if the counterstatement denies a licence should be granted.

This pleading regime will create a structure for evidence and submission on the terms of any compulsory licence and ought to identify a number of areas where there is no dispute.

It will also mean that the applicant for a compulsory licence will have had to turn its mind to matters which are fundamental to any licence. That ought to improve the quality of the pleadings and the quality of the evidence.

Procedure

As noted above, there are two distinct parts to a compulsory licence application: whether a compulsory licence should be granted and, if so, what are the terms of the licence.

In many (perhaps most) situations, the most efficient procedure will be to deal firstly with whether there ought to be a compulsory licence and, only if it is decided there ought to be a compulsory licence, to then deal with the terms of the licence. While that will usually be the most efficient procedure, Plant & Food Research does not recommend this procedure be mandated. It is preferable for the Commissioner to be able to adopt a procedure best suited for the particular application.

But it is submitted that the regulations ought to expressly empower the Commissioner on his/her own volition or on application of one or both parties to adopt a procedure which allows for sequential dealing with the two parts to the compulsory licence application. This could mean sequential hearings. It could even extend to sequentially dealing with evidence, so that the evidence initially only deals with whether there ought to be a compulsory licence. Only if

a decision is made that there ought to be a compulsory licence is evidence filed that addresses the terms of the compulsory licence.

Other matters

As noted above, there is a lot at stake. The Commissioner should have the powers to order discovery and to allow cross-examination similarly to that allowed in trade mark and patent opposition proceedings.

In the event that the compulsory licence provision is retained in the updated Plant Variety Rights Act when it is implemented into legislation, we do not support the limited timeline of two months. In the event of a compulsory licence being applied for, the compulsory licence applicant has knowledge that they intend to make an application and can time their application accordingly, whereas the rights holder has only two months to prepare a response. In the event that an PVR holder needs to seek information from exclusive or multiple licensees (and potentially sub-licensees), investing partners, owners, etc this timeline is overly onerous and burdensome on the part of the PVR holder to prepare and submit evidence.

Further it is additionally onerous and burdensome on an offshore PVR holder.

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

See above.

Question 5.1 Do you agree with the procedure proposed for objections before grant? If not please explain why.

We broadly agree with the proposed procedure. We look forward to having the opportunity to comment on the draft regulations as part of this consultation process, as advised by MBIE on 11 August 2021 at the PVR Technical Focus Group.

Given the nature of a PVR, i.e. relating to biological material, we request consideration for a longer timeframe than the initial two month a counter-statement than is provided for in the Patents Regulations.

We request consideration be specially given to any process or procedure for objection to EDV or if it is unclear where plant material has originated for in the drafting of the regulations. For example, timing of the year with regard to being able to provide DNA fingerprint evidence – this is not able to be provided at certain times of the year such as winter when suitable leaf material is not available. These concepts are unique to the Plant Variety Rights Bill cf the Patents Act.

Question 5.2 If you disagree with the proposed structure, what alternative procedure do you suggest be adopted?

See above.

Question 5.3 Do you agree with the proposed time periods for providing information or propagating material relating to a granted PVR? If not please explain why.

We support Option (i) where this for the supply for maintenance purposes given the variability associated with propagating plants, sourcing plants through quarantine, etc. We suggest that it is reasonable for applicants and the Commissioner to consider factors that are associated with supplying material on a case by case basis and that a capped supply timeline does not take into account potential variability.

The paragraphs in 120 & 121 lack clarity and certainty for applicants and PVR holders. If the Office is using the services of a third-party to hold reference plants, then any timeline for delivery also needs to take into account reasonable timelines for PVR holders to reach appropriate agreement with those third-parties.

Question 5.4 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?

If any fixed time periods be introduced we request that these be extendible at the discretion of the Commissioner, please note the concerns raised above in Question 5.3.

Question 5.5 When should the regulations listing non-indigenous species of significant 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.

Our view is that the list of non-indigenous species of significance, even if it is considered to be non-exhaustive when it initially enters into force, needs to come into effect at the same time as the other components of the regulations associated with the Bill. This is essential in order to give breeders, Kaitiaki, and the Office clarity and certainty with regard to what provisions will apply to which species.

Question 5.6 Do you have any other comments on the list and the entries in it?

As noted in our 2020 submission on the Outstanding Policy Issues paper. Plant & Food Research is strongly supportive of including some form of list of non-indigenous species of significance. This is in part because it provides necessary clarity and certainty around which species are covered by this definition, which allows interested Parties to more effectively plan their business activities. If the list was either not included, or not exhaustive, it would create a high level of uncertainty that could be easily avoided through the inclusion of a list.

As to the content of the list, Plant & Food Research has no specific suggestions around the species included. Plant & Food Research sees it as important that this list can be appropriately amended overtime through appropriately defined mechanisms and with the necessary consultation, and as such believes that the best place for this table to sit is within regulations.

All enquiries on the submission may be directed to Emma Brown, Manager Plant Varieties: emma.brown@plantandfood.co.nz