

9 September 2019

Sent by email to PVRActReview@mbie.govt.nz

Corporate Governance and Intellectual Property Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
NEW ZEALAND

SUBMISSIONS IN RESPONSE TO PLANT VARIETY RIGHTS ACT 1987 REVIEW: OPTIONS PAPER

These submissions have been prepared by the New Zealand Institute of Patent Attorneys Inc. (NZIPA).

The submissions are made in response to the July 2019 Options Paper entitled 'Review of the Plant Variety Rights Act 1987'.

BACKGROUND

The NZIPA was established in 1912. It is an incorporated body representing most Patent Attorneys registered under the New Zealand Patents Act, and who are resident and practising in New Zealand. A significant majority of our members are registered as Trans-Tasman Patent Attorneys and/or Australian Trade Mark Attorneys.

The current membership of NZIPA comprises comprises 156 Fellows, 3 Honorary, 24 Students, 17 Non-resident, 15 Associates and 2 Retired.

Patent attorneys operate in the global arena across all sectors of industry to assist businesses in their key markets and to use intellectual property (IP) systems for strategic advantage. Patent Attorneys are qualified to, and regularly advise on, all intellectual property rights including, but not limited to, patents, trade marks, designs, copyrights and, pertinent to the Plant Variety Rights Act 1987 review, plant variety rights.

Members of NZIPA provide real support to New Zealand's innovators through identification and enhancement of ideas, protection and commercialisation.

1. OBJECTIVES OF THE PVR ACT

Do you have any further comment to make on the objectives of the PVR Act?

No comments.

2. MEETING OUR CPTPP OBLIGATIONS

Do you agree with our analysis and conclusion of the CPTPP options? If not, why not?

We agree with the proposal to give ‘effect’ to UPOV 91, to the extent that the measures that are deemed necessary to provide Treaty of Waitangi compliance are incompatible with acceding to UPOV 91.

3. TREATY COMPLIANCE – CRITERIA FOR ANALYSIS

Do you agree with the criteria that we have identified? Do you agree with the weighting we have given the criteria? If not, why not?

We generally agree with the criteria identified and the proposed weighting.

4. TREATY COMPLIANCE – KEY TERMS

Do you agree with our proposed approach to these key terms?

Do you have any comments on the principles listed above and how they might apply in practice? For example, would it be useful to specifically list non-indigenous species of significance?

We suggest that it would be helpful to develop a database that lists not only non-indigenous species but also lists known NZ indigenous species and those non-indigenous species of significant interest to Maori. Of course, such a database would need to be regularly reviewed and updated.

5. TREATY COMPLIANCE – OPTIONS ANALYSIS

Do you agree with the proposed options? Are there alternatives we have missed?

Do you agree with our analysis and conclusions? If not, why not?

For the sake of brevity, we refer to and endorse the comprehensive and thorough analysis of MBIE's options for Treaty of Waitangi compliance in the Plant Variety Rights Act review prepared by Lynell Tuffery Huria and linked in the MBIE/IPONZ 26 August 2019 email reminder regarding the deadline for these submissions..

6. UPOV 91 ALIGNMENT – CRITERIA FOR ANALYSIS

Do you have any comment to make about our approach to, and criteria for, the preliminary options analysis in this paper?

We are concerned that several of the proposals in the options would result in New Zealand's PVR regime shifting so far from the scope of UPOV 78 such that New Zealand may not be able to remain a signatory to UPOV 78.

It is important that New Zealand remain a signatory to at least UPOV 78 so that applicants can rely on e.g. the ability to claim priority, or controls relating to exports/imports from other countries. In most countries, domestic PVR legislation refers to 'convention countries', and if New Zealand were no longer a member of UPOV then those provisions would no longer apply.

We understand UPOV 78 does not require parties to extend protection to all species. We are concerned that excluding taonga species from protection in New Zealand may adversely affect the ability of New Zealanders to make use of other provisions of UPOV 78 for those species e.g. claiming convention priority overseas.

We consider any new provisions relating to taonga species in the New Zealand PVR Act should not limit the ability of Māori to protect taonga species overseas.

7. DEFINITIONS – BREED

Our preferred option is to incorporate the definition of "breed" that was considered in the previous review to address concerns around discovery of varieties in the wild.

Do you agree? If not, why not?

For the sake of brevity, we refer to and endorse the comprehensive and thorough analysis of MBIE's options for Treaty of Waitangi compliance in the Plant Variety Rights Act review prepared by Lynell Tuffery Huria.

8. DEFINITIONS – GENERAL

Do you have any comments on the definitional issues discussed in this Part?

We agree with using the terms 'uniform' and 'propagating material' in the revised Act.

9. SCOPE OF THE BREEDER'S RIGHT

Do you have any comments about these new rights required by UPOV 91?

No comments.

10. EXCEPTIONS TO THE BREEDER'S RIGHT

Do you have any comments about the exceptions required by UPOV 91?

No comments.

11. TERM OF THE RIGHT

Do you agree with the proposed options? Are there alternatives we have missed?

We suggest that the minimum terms of UPOV 91 be adopted, including a provision to extend the term where specified conditions are met, similar to the provisions of the Australian PVR Act and regulations.

Do you agree with our analysis and conclusions? If not, why not?

No comments.

12. ESSENTIALLY DERIVED VARIETIES

Do you agree with the proposed options? Are there alternatives we have missed?

Do you agree with our analysis and conclusions? If not, why not?

We do not agree that option 2 is the best option because it would not incentivise innovation nor provide certainty. We submit that option 1 would be a better alternative.

Alternatively, we would prefer a provision substantially the same as that used in the Australian PVR Act because it is clearer and more precise than that used for the 'copycat' option 2 preferred by MBIE.

While the UPOV 91 provisions may have some ambiguity, the terms 'predominantly derived' and 'essential features' will be clear in many cases, for example when a variety is produced using a single parent plant. Furthermore, UPOV has developed guidelines to help parties to interpret the EDV provisions.

The options paper refers to a lack of case law on EDVs. But, there are more likely to be EDV cases overseas in bigger markets. Advantageously, adopting the UPOV wording would allow New Zealand based parties to draw on international case law to interpret the UPOV 91 wording.

We do not agree that option 2 would provide greater certainty to parties than options 1 or 3 because it still requires subjective assessment of:

- whether there has been a 'genuine improvement', and
- what features of the plant are commercially valuable.

We do not support option 4.

Under the Patents Act there is an experimental use exemption that allows third parties to use an invention to create improvements to a patented product (similar to the breeder's exemption). While a third party can then potentially patent their improvement, they will require a licence from the original patentee to commercialise the improved product if it comprises all of the features of the original invention.

It is not clear why the approach to EDVs should result in PVR owners being treated differently to patent owners.

13. RIGHTS OVER HARVESTED MATERIAL

Do you agree with the proposed options? Are there alternatives we have missed?

Do you agree with our analysis and conclusions? If not, why not?

We consider that the revised Act should include more than the minimum rights over harvested material required by UPOV 91. Accordingly, we support option 2; the extension of the exclusive rights of PVR owners to harvested material resulting from unauthorised propagation of their protected varieties.

14. FARM SAVED SEED

Do you agree with the proposed options? Are there alternatives we have missed?

Do you agree with our analysis and conclusions? If not, why not?

Broadly, we support option 2 (ii), which allows for an exception for farm saved seed with limitations on the exception imposed in the regulations. One of the limitations should be that a royalty payment must be made for farm saved seed. We do not, however, support the Australian model that is discussed in the options paper as part of option 2(ii).

We agree that the legislation should make it clear that the farm saved seed exception is for varieties where it is currently common practice to save seed. We do not support extending this exception to other varieties or to other types of propagating material.

We do not agree with the Australian model discussed in the options paper. We note that no orders for an exemption have been made under the Australian scheme. The small size of the New Zealand industry and the likely time and costs involved in making an application for an exemption, suggest it is unlikely that these provisions would be used.

15. COMPULSORY LICENCES – GENERAL ISSUES

Do you agree with the discussion and the proposals in relation to the five issues discussed above? If not, why not?

Other than the two substantive issues below, are there other issues we have missed?

We disagree with the proposed option for compulsory licences.

Compulsory licence provisions have a purpose when, for example, the market is not being supplied with harvested material, or where a PVR owner essentially has a monopoly on one plant type.

We support the introduction of a public interest consideration to address these issues. Such a consideration would allow the Commissioner to consider all of the surrounding circumstances. A public interest provision would be consistent with both UPOV 91 (which refers to compulsory licences being granted in the ‘public interest’) and our major trading partners.

We consider, however, that the public interest aspect should be further considered. In particular, there may be circumstances in which it would be in the public interest to grant a compulsory licence where there is a specific public need as opposed to a commercial need. For example, in time of a drought, famine or medical emergency type situation. Public interest should not be solely linked to or used as a reason for a compulsory licence by a competitor who is unable to obtain a licence from the right holder.

We agree with amending the compulsory licence provisions to reflect the process set out in the Patents Act 2013/Patents Regulations 2014. In particular:

- the applicant for a compulsory licence should have to show they have made reasonable efforts to obtain a voluntary licence,
- the PVR owner should have the opportunity to be heard before a decision is made;
- there should be provisions allowing for a compulsory licence to be terminated if the circumstances that led to the grant of the licence change; and
- a compulsory licence should exclude the ability to export plant material.

A further factor is also relevant. If the reason for granting a compulsory licence is that the market is not be supplied with reasonable quantities, the potential compulsory licensee should be required to show that they have the resources to make the variety available in reasonable quantities if granted a compulsory licence.

16. COMPULSORY LICENCES – GRACE PERIOD

Do you agree with the proposed options? Are there alternatives we have missed?

Do you agree with our analysis and conclusions? If not, why not?

We consider that, at least where specific and special circumstances and conditions are met, the Commissioner should have the discretion to consider and allow a longer grace period.

17. COMPULSORY LICENCES – SECTION 21(3)

Do you agree with the proposed options? Are there alternatives we have missed?

Do you agree with our analysis and conclusions? If not, why not?

We support the removal of section 21(3).

Compulsory licences are intended to prevent abuse of a monopoly position, and this can be achieved without a provision such as section 21(3). General competition law rules also apply if a PVR owner is abusing their market position.

While compulsory licence provisions are a feature of IP systems worldwide, we are not aware of any other jurisdiction having an equivalent to section 21(3). This feature is potentially inconsistent with New Zealand's international obligations and the protections provided by major trading partners.

18. ENFORCEMENT – INFRINGEMENTS

Do you agree with the discussion and the proposals in relation to the four issues discussed above? If not, why not?

No comments.

Should the PVR Act provide that infringement disputes be heard in the District Court?

Yes, but we consider thought should also be given to setting up a specific IP Tribunal to hear such disputes.

Are there other issues relating to infringements that we have missed?

No comments.

19. ENFORCEMENT – OFFENCES

Do you agree with the proposed options? Are there alternatives we have missed?

No comments.

Do you agree with our analysis and conclusions? If not, why not?

No comments.

20. EXHAUSTION OF THE BREEDER’S RIGHT

Do you have any comments about the exhaustion provision required by UPOV 91?

No comments.

21. CANCELLATION AND NULLIFICATION OF THE BREEDER’S RIGHT

Do you have any comments about the cancellation and nullification provisions required by UPOV 91, and MBIE’s additional proposals discussed in this section?

A pre-grant opposition process should be introduced for PVRs, modelled on the process used for patents.

The introduction of an opposition process was recommended in Lynell Tuffery Huria’s analysis referenced above.

We also suggest the inclusion of a cancellation provision, such that a PVR grant can be cancelled if it was shown to be based on an NZ indigenous species or non-indigenous species of significant interest to Māori.

We support adopting the Patents Act approach to restorations/grace periods and the payment of renewal fees.

We understand the current process when rights holders choose not to renew their PVR (and instead let it passively lapse) is onerous for the PVR office. Following the system used for patents would remove this burden from the office.

22. EXTENDING COVERAGE TO ALGAE

Do you have any comments to make about whether or not algae should be included within the definition of “plant” for the purposes of the PVR regime?

No comments.

23. PROVISIONAL PROTECTION

Do you agree with our preferred option for dealing with provisional protection? If not, why not?

No comments.

24 TRANSITIONAL PROVISIONS

**What is your view on the options presented here in relation to this issue?
Are there alternatives we have missed?**

Option 2 would provide the best balance of certainty and practicality.

While the new rights and registrability requirements should only apply to new applications, we consider that procedural rules, e.g. restoration provisions, should apply to all existing PVRs and applications.

How should transitional provisions apply to EDVs?

No comments.

OTHER COMMENTS

Administrative/process issues

We support the introduction of formal processes relating to the supply of plant material for DUS testing. Currently IPONZ specifies which comparator plants must be used in testing, but the PVR applicant must then obtain those plants, often from their competitors. Understandably, competitors can be reluctant to provide material, especially if the requested variety is not itself the subject of a granted PVR. Rules regarding how that material can be used should also be introduced e.g. preventing retention after the trial has ended and use for breeding. Provisions relating to costs could also be included e.g. such that the applicant bear any the costs associated with providing the material.

We consider the status of plant material provided by the PVR applicant to IPONZ should be clarified. For example, it should be clear what will happen to the applicant's plant material after a trial, or when an application is withdrawn before grant.

The Act or Regulations should also allow for exclusive licensees to take infringement actions. A similar provision already exists for patents.

The scope of the right granted under the PVR Act

It is not clear how the scope of a PVR is defined in the current Act. More specifically, it is unclear whether the scope is defined by:

- the written description produced by IPONZ

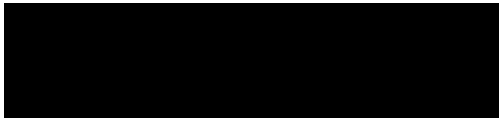
- any photos that accompany the application
- by the plants produced from e.g. the seed supplied with the application or any reference plants maintained by IPONZ.

We suggest that, if the scope of the monopoly is to be defined by plant material, then the Act or Regulations should provide for third parties to have access to that plant material for the purposes of assessing infringement.

CONCLUDING REMARKS

We would welcome the opportunity to discuss any aspect of our submission with the review team.

Yours faithfully



Duncan de Geest
NZIPA Council Member

Direct +64 4 498 3462
Mobile +64 21 977447
Email secretary@nzipa.org.nz