

17 May 2023

Paul Gardner
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By email: consultation@ipaaustralia.gov.au

Dear Mr Gardner,

Independent Reports from the University of Queensland on the Plant Breeder's Rights System

The Intellectual Property Committee of the Business Law Section of the Law Council of Australia (the **IPC**) thanks IP Australia for the opportunity to respond to the independent reports from the University of Queensland on the Plant Breeder's Rights (**PBR**) system.

Set out below are comments on various of the recommendations in the reports, made by reference to paragraph or section numbering adopted in the respective reports. Where a recommendation is not mentioned in this response, that is because the IPC either does not have, or has not yet reached, a concluded view on it.

Information Notice Scheme

IPC's response to Report's recommendations

- Rec. 3 The IPC acknowledges that ACIP noted in 2010 there was "considerable support" among stakeholders for introduction of the United Kingdom (**UK**) Information Notice system in Australia. The Report states that there remains "widespread stakeholder support" for introduction of the scheme; however, evidence for this is not provided. The IPC is not in a position to confirm or contradict this assertion. For the purpose of this response, the IPC *assumes* that there remains verifiable support for introduction of the scheme, and accordingly comments on the proposed *form* in which the scheme could be implemented in Australia.
- Rec. 4.1 The IPC **agrees** that an information notice (**IN**) in relation to a PBR should only be able to be issued by either the grantee of that PBR, including a grantee by essential derivation, or the grantee's exclusive licensee.
- Rec. 4.2 The IPC **agrees** that the IN scheme should operate to allow evidence gathering in relation to any PBR infringement claim.

Rec. 4.3 The IPC **agrees in principle** that a PBR owner should only be able to issue an IN: (a) where it reasonably suspects its rights are being infringed; and (b) to someone who it reasonably believes either is infringing or has information that will allow identification of the infringer.

The IPC understands the motive for the proposal to stipulate when INs could *not* be issued. However, it does not know how the proposed prohibition on issuing an IN for use of varieties “purely for experimental or breeding purposes” could operate in practice, given that it is unlikely the PBR owner could know for what purposes a variety was being used. Perhaps that circumstance might be a prescribed excuse for non-compliance with an IN rather than a prohibition on its issue, but the onus of proof would need to be on the person claiming the excuse to make good their eligibility.

Rec. 4.4 The IPC **agrees** that an IN should only be issuable where the PBR owner has reasonable grounds for believing someone is infringing, and that these grounds should be stated on the IN.

Rec. 4.5 The IPC **agrees in principle** that a PBR owner should be able to request, in addition to the information that the UK scheme permits (the identity of the person who provided the recipient with infringing material, date of receipt of such material, and size of consignment), a statement of whether the recipient possesses or has possessed material of the PBR protected variety in any form, and whether propagating material of that variety has been supplied to anyone else. However, it would seem desirable to also require the recipient to identify any person to whom the recipient has supplied propagating material of the variety, where that has occurred.

Rec. 4.6 The IPC is **not sure** whether it is appropriate for the scheme to permit a PBR owner to require the IN recipient to deliver samples of a variety, to permit the PBR owner to test whether the variety is in fact an infringing variety. Such a requirement could require the disclosure of valuable confidential or proprietary information to a competitor in circumstances where there may be a genuine dispute whether the IN recipient is infringing the PBR owner’s rights and so could give the competitor a significant commercial advantage and cause the IN recipient significant prejudice. That material might also, itself, be subject to misuse by the PBR owner, regardless of the imposition of any obligation to treat the material “in confidence”.

As discussed below in relation Recommendation 4.8, the IPC does not consider that imposing an obligation to treat the material “in confidence” is adequate. If such a requirement were to be introduced and there is a confidentiality claim, the disclosure should be to a person independent of the PBR owner and subject to appropriate confidentiality constraints.

Rec. 4.7 The IPC **agrees** that a failure to respond to an IN within 21 days gives rise to a rebuttable presumption that the recipient was infringing.

Rec. 4.8 The IPC **agrees in principle** with the proposed *valid* excuses for not providing information sought by an IN (information not known, records accidentally destroyed, access to records not possible, ill-health).

However, the IPC is **not convinced** that it is appropriate to state that the circumstance of information being commercial-in-confidence is an *invalid* excuse for failing to provide requested information. There is an inherent problem with a scheme that requires a competitor to give a PBR owner information regarding a competitive product that is commercial-in-confidence. This problem is not overcome simply by requiring the PBR owner to treat the supplied information “in confidence”, since it is not clear what that would require in practice. The proposed offence for misuse of information so obtained does not adequately address this problem.

- Rec. 4.9 The IPC **agrees in principle** with the proposals for ensuring that the IN scheme is not open to abuse, but with one exception. The proposal to provide flagrant or exemplary damages for the provision of false information should only apply where the provider of the information knew, or recklessly disregarded knowledge, that the information was false.

Exhaustion of PBR

IPC's response to Report's recommendations

- Rec. 1 The IPC **agrees** that the Australian Government should continue to review the quantum of fees for the annual maintenance of a PBR and consider whether the escalating annual fee imposed on patents under the *Patents Act 1990* (Cth) (**Patents Act**) might have some benefits for PBRs under the *Plant Breeder's Rights Act 1994* (Cth) (**PBR Act**).
- Rec. 2 The IPC **agrees in principle** that the Australian Government should consider using consistent terminology for revocation and surrender (termination) of PBRs under the PBR Act. However, the IPC is **not convinced** that a distinction should – or even can – be drawn between choosing not to renew a PBR (surrender) and refusing to pay a renewal fee (a ground of revocation). The legal characterisation of the particular event (non-payment of fees) should be consistent and not dependent upon an apparently subjective purpose (“a PBR owner refuses to pay, as opposed to choosing not to pay”, as stated in the Report). A better approach might be to adopt the patent law approach of treating a failure to pay a renewal fee as resulting in the right lapsing (subject to any extension of time-type applications).
- Rec. 3 The IPC **agrees** that the Australian Government should retain the current PBR duration from the date of grant, of 25 years for trees and vines and 20 years for any other variety.
- Rec. 4 The IPC **is not convinced** that the Australian Government “should clarify that the exhaustion doctrine as articulated by the High Court in *Calidad Pty Ltd v Seiko Epson Corporation*¹ applies to the PBR Act”, if what is actually intended by this recommendation is that the *Calidad* exhaustion doctrine should be deemed to apply to the PBR Act. It is by no means clear that the High Court would, or should, conclude that the exhaustion doctrine as

¹ 272 CLR 351.

enunciated in *Calidad* for the Patents Act also applies, without any modification or qualification, to the PBR Act. The structure of the legislation implementing the two regimes, and the policies effected by the legislation, are not the same.

However, the IPC **agrees** that it would be desirable to provide certainty about whether or not the *Calidad* exhaustion doctrine applies to the PBR Act. However, short of IP Australia bringing a “test case” before the High Court, the only mechanism for achieving such certainty is legislative reform. That will require further consultation with stakeholders and legal analysis of this area, including a review of the whole of Part 2 of the PBR Act (and the interaction of its provisions when read with the defined terms) for better clarity and certainty to achieve its intended policy goals.

- Rec. 5 The IPC **agrees in principle** that explanatory materials should be prepared to assist the PBR stakeholders understand the practical effects of whatever doctrine of exhaustion applies to the PBR Act. However, as stated above, the IPC is currently not convinced that the *Calidad* doctrine does or should apply to the PBR Act.
- Rec. 6 The IPC **is not convinced** that the Australian Government should amend the PBR Act to clarify that “harvested material” that is also “propagating material” is considered as “propagating material” rather than just deemed “propagating material”. This (and the next two recommendations) form part of a proposed implementation of an exhaustion doctrine approach based on *Calidad*. As stated, the IPC is currently not convinced that the *Calidad* doctrine does or should apply to the PBR Act and, therefore, is not convinced that this proposed amendment is appropriate. It is also uncertain whether the proposed amendment (the introduction of a note to section 11) would be sufficient without additional amendments to the substantive text of other provisions such as sections 14 and 15.
- Rec. 7 The IPC **is not convinced** that the Australian Government should amend the PBR Act that presently deals with “harvested material” as “propagating material” by removing subsection 14(2). The IPC’s comments with respect to Recommendation 6 also apply here. Further, the proposed repeal of subsection 14(2) would alter the current balance of the PBR Act, especially with respect to the scope of the exemption under section 17 in respect of farm saved seed (as to which, see *Cultivaust Pty Ltd v Grain Pool Pty Ltd* (2005) 147 FCR 265, [2005] FCAFC 223 at [10] per Finn, Emmett and Bennett JJ). The IPC considers that this is an example of legislative reform that requires further consultation with stakeholders and detailed legal analysis.
- Rec. 8 The IPC **agrees in principle** that explanatory materials should be prepared to assist the PBR stakeholders understand the practical effects of whatever legislative amendments may be introduced. However, as stated above, the IPC is not currently convinced that the proposed amendments should be made.
- Rec. 9 The IPC **agrees in principle** that IP Australia should provide such assistance as it can to stakeholders with respect to explaining or clarifying the scope of “sell” / “sold” in the PBR Act, whether by way of explanatory

materials, case studies or information sheets and so on. The IPC understands this recommendation to be directed towards an explanation or clarification of the existing legislation and case law and does not itself propose any legislative amendments. In this regard, the IPC makes two further observations. First, the effect of any future legislative amendments with respect to exhaustion on the scope of the current law of “sell” / “sold” will need to be carefully considered. Secondly, consideration should also be given to the extent of interaction between the concepts of “sell” / “sold” and of “exploit” / “exploitation” in subsections 43(1), (5) (for which there is no definition).

- Rec. 10 The IPC **agrees in principle** that the PBR Act should be reviewed so that the meaning and scope of the terms “authorisation” and “consent” are clear (including in relation to the treatment of “authorisation” for “harvested material”) and for consistency with Australia’s treaty obligations. The IPC observes that any such review could also address consistency in the statutory text between the exclusive right in section 11 “to license another person to do” and the concepts of “authorisation” and “consent” used elsewhere (sections 14, 15, 18 and 53, and sections 23, 24, 27 and 43, respectively). In this regard, the IPC also notes that “authorisation” will again be considered by the High Court in copyright in *Real Estate Tool Box Pty Ltd v Campaigntrack Pty Ltd* (S16/2023) and this may have a wider impact on other intellectual property legislation, including the PBR Act.
- Rec. 11 The IPC **is not convinced** that the Australian Government should amend s 11 to include a “purchase right” among the “exclusive rights” of a PBR and this should only apply to taxa declared by the Plant Breeder’s Rights Regulation 1994 (Cth). The IPC does, however, agree that this should be the subject of further consideration with stakeholders.
- Rec. 12 The IPC **agrees** that IP Australia should implement information and education awareness programs to clarify the place of consent to the production and reproduction of PBR-protected plant varieties used in farming activities (like farmer saved seed) or where exhaustion has been limited and the produced and reproduced plants are then sold into a market.

Harvested Material

IPC’s response to Report’s recommendations

- Rec. 1 This recommendation is the same as Recommendation 6 in the Exhaustion paper and the IPC **repeats** those comments here.
- Rec. 2 This recommendation is the same as Recommendation 7 in the Exhaustion paper and the IPC **repeats** those comments here.
- Rec. 3 This recommendation is the same as Recommendation 8 in the Exhaustion paper and the IPC **repeats** those comments here.
- Rec. 4 The IPC **is not convinced** that the Australian Government should advocate at the International Union for the Protection of New Varieties of

Plans (**UPOV**) for amendments to Australia's treaty obligations with respect to "harvested material" and "propagating material". The IPC considers that any particular policy position to be advocated at UPOV should reflect the economic interests of Australia's PBR stakeholders and that this may require further work to identify these interests. If changes were to occur at the international level (and without departing from its submissions above), then the IPC **agrees in principle** that the PBR Act would need to be revised for consistency with Australia's international obligations and potential implementation at the domestic level.

- Rec. 5 This recommendation is related to Recommendations 9 and 10 in the Exhaustion paper and the IPC **repeats** those comments here. The IPC **is not convinced** that the Australian Government should advocate at UPOV for amendments to Australia's treaty obligations with respect to the scope of "unauthorised use". The IPC considers that any particular policy position to be advocated at UPOV should reflect the economic interests of Australia's PBR stakeholders and that this may require further work to identify these interests. If changes were to occur at the international level (and without departing from its submissions above), then the IPC **agrees in principle** that the PBR Act would need to be revised for consistency with Australia's international obligations and potential implementation at the domestic level.
- Rec. 6 The IPC **agrees in principle** that IP Australia should prepare explanatory materials (including case studies, information sheets and so on) to assist PBR stakeholders, including small and medium enterprises, in understanding the practical effects of authorisation required for any extension of PBRs to "harvested material" and products of "harvested material".
- Rec. 7 The IPC **agrees** that there should be no change to the "reasonable opportunity" threshold in the PBR Act.
- Rec. 8 The IPC **agrees in principle** that IP Australia should prepare explanatory materials (including case studies, information sheets and so on) to assist PBR stakeholders, including small and medium enterprises, in understanding the practical effects of the "reasonable opportunity" threshold.
- Rec. 9 This recommendation is the same as Recommendation 11 in the Exhaustion paper and the IPC **repeats** those comments here.
- Rec. 10 This recommendation is, in substance, the same as Recommendation 12 in the Exhaustion paper and the IPC **repeats** those comments here.

Labelling Requirements

IPC's response to Report's recommendations

- Rec. 4.1 The IPC **agrees in principle** that the law should be modified to require any PBR labels attached to plants and seeds to be retained on them as they

circulate, and to make it an offence under section 75 to remove such a label without a reasonable excuse. However, any such modification to the law should make it clear when the obligation to retain a label ceases – e.g., when the plant/seed is no longer in the supply chain (it having reached the ultimate user). Furthermore, for any offence to apply, the label must itself contain a notice that removal without reasonable excuse may give rise to an offence under the Act.

- Rec. 4.2 The IPC **agrees** that the law should not be modified to mandate the use of labels, but rather that IP Australia should provide PBR owners with more information on the benefits of using labels (including their ability to preclude an innocent infringement defence from arising).
- Rec. 4.3 The IPC **agrees** that the botanical content of the PBR label, as specified in the industry guidelines on labelling, should not be added to.
- Rec. 4.4 The IPC **agrees** that the industry guidelines on labelling should not be modified to require the name of the breeder to be included.
- Rec. 4.5 The IPC **agrees** that IP Australia should continue to monitor the legal information on labels, with a view to adding a provision to section 75 if existing laws prove inadequate to prevent false claims.
- Rec. 4.6 The IPC is **not convinced** that it is feasible to require IP Australia to “provide guidance” about what is meant by “reasonable grounds for suspecting” in subsection 57(1).
- Rec. 4.7 The IPC **agrees** that whether a plant has been labelled so as to indicate that PBR is held in the variety is a factual question that will depend on the circumstances.
- Rec. 4.8 The IPC **agrees** that it is not necessary to mandate the manner in which a PBR owner chooses to communicate with potential infringers the fact that PBR is held in propagating material.
- Rec. 4.9 The IPC **agrees** that IP Australia should amend the industry guidelines on labelling to include relevant information where PBR is pending, and to include words directing a reader to check the PBR database (with a URL specified) to ascertain the current status of PBR in the labelled variety.
- Rec. 4.10 The IPC **agrees** that IP Australia should amend the industry guidelines on labelling to require the PBR application or certification number to be included on labels.
- Rec. 4.11 The IPC is **not convinced** that it is feasible to require IP Australia to “provide greater clarity about the meaning” of the phrase “sold to a substantial extent” in subsection 57(2). It is also **unsure** about the desirability of the alternative proposal of replacing “sold to a substantial extent” with a reasonable person test.
- Rec. 4.12 The IPC **agrees** that the possibility of establishing innocent infringement of a labelled variety should not be removed.

- Rec. 4.13 The IPC is **not convinced** that it is feasible to require IP Australia to “provide guidance” on the meaning of “reasonable grounds for suspecting” the existence of PBR when a variety is “sold to a substantial extent”.

Plant Variety Names and Synonyms

IPC’s response to Report’s recommendations

- Rec. 1 Subject to the responses to recommendations 3, 5 and 7 below, the IPC **agrees in principle** with the recommendation that IP Australia address the problems imposed by trade marks under the *Trade Marks Act 1995* (Cth) (**TM Act**) as they apply to the PBR Act during PBR examination, through explanatory materials to assist the PBR stakeholders understand the requirements for suitable names and synonyms.
- Rec. 2 The IPC **agrees** that IP Australia should continue to harmonise the guidance and practice of trade mark examiners to ensure they are aware of the specific needs of names and synonyms under the PBR Act.
- Rec. 3 The IPC does **not agree** that IP Australia should update the PBR Manual of Practice and Procedure to include practical, example-based guidelines that the requirement that a plant variety name and synonym must not “be likely to deceive or cause confusion” is informed by the TM Act standard “substantially identical with, or deceptively similar to”. The IPC acknowledges that UPOV article 20(2) and PBR Act section 5(a) do prohibit the registration of names which are likely to deceive or cause confusion. However, the Report itself acknowledges that how the PBR Act provision is applied “is uncertain, and there are not the broader approaches apparent for the same issue under” the TM Act, including the additional standards of substantially identical or deceptively similar. The Report’s recommendation is not supported by any consideration of the similar provision in article 20 of UPOV. Before any such recommendation is adopted, therefore, the IPC submits that there should be further legal analysis of this area and consultation with stakeholders.
- Rec. 4 The IPC **agrees** that IP Australia should update the PBR Manual of Practice and Procedure to include practical, example-based guidelines that a plant variety name and synonym must not be “misleading or deceptive or is likely to mislead or deceive” under the *Competition and Consumer Act 2010* (Cth) (**CAC Act**) and equivalent State and Territory consumer laws.
- Rec. 5 The IPC does **not agree** that IP Australia should update the PBR Manual of Practice and Procedure to include practical, example-based guidelines that plant varieties with the same owner can be a naming thicket with similar but distinct names so as not to deceive or cause confusion. This recommendation appears linked to the Report’s reasoning for Recommendation 3, and does not sufficiently reference the potential for future deception or confusion where there is a change of ownership of some of the similarly named PBR thickets. Before any such recommendation is adopted by IP Australia, therefore, the IPC submits that there should be further legal analysis of this area and consultation with stakeholders.

- Rec. 6 The IPC **agrees** that IP Australia should update the PBR Manual of Practice and Procedure to include practical, example-based guidelines about the forms of trade marks that are likely to co-exist with, or to conflict with, plant variety names or synonyms under the PBR Act.
- Rec. 7 The IPC does **not agree** that IP Australia should update the PBR Manual of Practice and Procedure and other materials to clarify the treatment of words in composite trade marks as they apply to plant variety names or synonyms under the PBR Act. This recommendation is based on the view put forward as part of Recommendations 3 and 5 that a plant name which is part (only) of the essential features of a registered trade mark may be “likely to deceive or cause confusion” on the basis of its deceptive similarity to the trade mark. Before any such recommendation is adopted by IP Australia, there should be further legal analysis of this area and consultation with stakeholders.
- Rec. 8 The IPC **agrees** that IP Australia should update the PBR Manual of Practice and Procedure and other materials to clarify the role of the CAC Act and equivalent State and Territory consumer laws as they apply to plant variety names or synonyms under the PBR Act.
- Rec. 9 The IPC **agrees** that IP Australia should amend the application form, and other guidance and practice materials and information, to make it clear that a synonym is not necessarily required for a successful PBR grant unless a synonym has been granted in another UPOV jurisdiction.
- Rec. 10 The IPC **agrees** that the Australian Government should retain the current PBR Act requirement that PBR names and synonyms be a word or words, with or without letters or figures, but not just figures.
- Rec. 11 The IPC **agrees** that the Australian Government should seek to harmonise plant variety names and synonyms under the PBR Act to exclude non-Roman characters, and to retain the practice of requiring original Roman character scripts and any non-Roman characters to be accompanied by transliterations, transcriptions or translations into Roman scripts.
- Rec. 12 The IPC **agrees** that the Australian Government should monitor developments among stakeholders, and at UPOV and other fora, on whether the names and synonyms entered on the Register of Plant Varieties should have some indication of the protected status of the name.
- Rec. 13 The IPC does **not agree** that the Australian Government should amend the PBR Act to require the use of the PBR protected name whenever a PBR protected variety is sold, offered for sale or marketed with a variety name for the purposes of propagation as opposed to final consumption. It is not clear to the IPC how a supplier could know whether they are selling for the purposes of propagation as opposed to final consumption. It is also not clear why this distinction is being drawn.

In any event, it is a major legislative change to mandate the use of a registered variety name, including after the PBR ends. Before any such recommendation is adopted by IP Australia, there should be further legal

analysis of this area and consultation with stakeholders. The key issues for consideration include:

- whether the PBR system should concern itself with naming following the end of the PBR (i.e., whether it is in fact “ideal” that a variety should only ever have one name in perpetuity);
- whether existing trade mark law principles are sufficient to overcome the problem outlined in the Report; and
- the financial and other practical costs of mandatory labelling to sellers of varieties where the sales are for the purpose of propagation.

Rec. 14 The IPC **agrees** that the Australian Government should continue supporting a harmonisation process to enable the filing of PBR applications in several countries with a single application. This will introduce consistent variety naming rules across UPOV members and harmonise naming practices.

Rec. 15 The IPC **agrees** that IP Australia should update the PBR Manual of Practice and Procedure to include practical, example-based guidelines about the uses of trade names (or trade designations or trade references) together with plant variety names for the purposes of the PBR Act and the TM Act.

Other Observations – indigenous plant names

The IPC recommends that the place of indigenous plant names should be part of IP Australia’s responses to any initiatives regarding plant variety names under the PBR Act. Australia’s native plants are part of its prized national assets (over 24,000 species), with deep indigenous cultural significance, of which indigenous knowledge names are a critical part.

Quite a number of indigenous plant names have become widely used common names beyond localised communities – including *Kurrajong*, *Quandong*, *Bolwarra*, *Boobialla*, *Conjevoi* and *Nardoo*, to name but a few. There are some efforts to record indigenous plant names in Australia – see, e.g., the work of the Atlas of Living Australia (**ALA**), together with knowledge holders from the Kamilaroi nation, researchers at CSIRO Land & Water, and environmental consultant Michelle McKerney from Melaleuca Enterprises, to map 683 Indigenous plant and animal names to Latin species names in the ALA: <https://www.ala.org.au/blogs-news/indigenous-language-names-in-the-ala/>.

Any important initiatives regarding plant variety names should address Indigenous plant names. Representatives of First Nations people should be consulted. The issues which should be canvassed include:

- Are PBR applicants required or permitted to disclose whether their proposed name/synonym is, or is similar to, a known Indigenous cultural plant name?

- What Indigenous plant name issues have come before IP Australia?
- What Indigenous plant name issues have come before PBR registrars in other countries?
- Could IP Australia embark on any meaningful initiatives to assist efforts in this area – for example, to promote the voluntary recording of known Indigenous knowledge names at the time of applications for varieties/cultivars of that species, and to make that data available to support Indigenous research/plant names databases?
- What should inform legislators and IP Australia about the place of indigenous names in taxonomy? See, e.g., L.N. Gillman & S.D. Wright, 'Restoring indigenous names in taxonomy', *Commun Biol* **3**, 609 (2020) <https://doi.org/10.1038/s42003-020-01344-y>

Essentially Derived Varieties

IPC's response to Report's recommendations

- Rec. 1 The IPC **agrees in principle** with the retention of section 4(c), but subject to the deletion of the words "(as distinct from cosmetic)". These words remove cosmetic differences from consideration in relation to ornamental varieties, which is not appropriate given that cosmetic differences are important differences for ornamental varieties.
- Rec. 2 The IPC **agrees** not to mandate genetic testing for determining essential derivation, for the reasons given in 3.1.2 of the Report.
- Rec. 3 The IPC **agrees in principle** not to stipulate that all varieties developed through mono-parental breeding techniques are inherently essentially derived varieties (**EDVs**), for the reasons given in 3.1.3 of the Report. However, the IPC also believes that the recommendation at the end of 3.1.3 of the Report should be adopted – i.e., "make it clear that mono-parental varieties are intrinsically 'predominantly derived' for the purposes of section 4(a)".
- Rec. 4 The IPC **agrees in principle** not to state that a subsequent variety may have multiple differences in essential characteristics and still constitute an EDV, for the reasons given in 3.1.4 of the Report. However, the IPC believes that the determination of essential derivation should not exclude a quantitative assessment of differences.
- Rec. 5 The IPC **agrees** that instances of unfair free-riding, and agreement of genetic thresholds for plant groupings, should continue to be monitored. However, the proposed fallback of adopting the proposed UPOV Explanatory Notes, if technology erodes the advantage of initial breeders and if consensus on genetic thresholds is reached, must be subject to consideration of what the Explanatory Notes actually state at the relevant time.

- Rec. 6 The IPC **agrees in principle** that section 4(a) should be retained in its current form, for the reasons given in 3.3.1 of the Report. However, if a suitable definition of “predominantly derived” cannot be identified, then the IPC recommends that consideration be given to deletion of “predominantly” from section 4(a).
- Rec. 7 The IPC **agrees in principle** that a definition should be provided for the words “predominantly derived”, for the reasons given in 3.3.2 of the Report. However, the proposed definition (“factually derived”) does not seem to make sense. In what way other than “factually” could one variety be predominantly derived from another variety?
- Rec. 8 The IPC **agrees** that a definition should be provided for the words “retains the essential characteristics”, for the reasons given in 3.3.3 of the Report.
- Rec. 9 The IPC does **not agree** that sections 4(b) and 4(c) should be combined into a single section. The Report appears to misconceive the relationship between section 4(b) and section 4(c). In 3.3.4 of the Report it is stated that “if section 4(c) is satisfied, section 4(b) will also necessarily have been satisfied”. The IPC does not understand this logic. Consider a 1st variety of an ornamental which has two essential characteristics: (i) dwarfism, and (ii) variegated foliage. If the 2nd variety has (i) but not (ii), it satisfies section 4(c) (because the only differentiating feature is a cosmetic difference), but it does not satisfy section 4(b) (because it does not retain both of the essential characteristics).
- Rec. 10 The IPC **agrees in principle** that it could be clarified that section 19 can be used to facilitate commercialisation of an EDV in cases where the initial breeder is blocking commercialisation or imposing unreasonable terms, for the reasons given in 3.3.5 of the Report. However, it is difficult to see why such clarification is necessary, given that the section 3 definition of “grantee” seems to put it beyond doubt that section 19 does apply to EDVs.
- Rec. 11 The IPC **agrees in principle** that consideration be given to requiring PBR applicants to specify the essential characteristics at the time of grant if uncertainty about essential characteristics persists. However, it seems highly unlikely that the ‘costs’ of making this change, as listed in 3.3.11 of the Report, would ever be outweighed by the ‘benefits’ listed.
- Rec. 12 The IPC **agrees** that greater transparency should be sought around how essential derivation is assessed in Australia, and that this might be achieved by informational resources such as explanatory guidelines for essential derivation.
- Rec. 13 The IPC **agrees** that IP Australia should expand the PBR Manual of Practice and Procedure to include essential derivation.
- Rec. 14 The IPC **agrees** that IP Australia should make all decisions (past and future) in relation to essential derivation publicly available, and encourage all stakeholders to undertake education, training and awareness on essential derivation.

Other Observations – lower thresholds for availability of domestic protection

The IPC recommends that great care be taken when contemplating having threshold requirements for gaining PBR protection that are lower in Australia than in other jurisdictions. The Report states that deleting the section 4(c) requirement for essential derivation would mean a “wide and cascading range of derived varieties would potentially be considered EDVs”, which the Report says “could discourage investment in plant breeding using PBR-protected varieties (and possibly plant breeding more generally)”. The Report recommends retention of section 4(c), by implication because more derived plant breeding will occur if less of it falls within the scope of rights of the variety from which it was derived.

The IPC notes that this approach may have the effect of locking domestic breeders into just the domestic market. That is, if the new variety developed here avoids being an EDV only because of a narrow definition specific to Australia, the breeder may be unable to obtain unqualified exclusive rights in overseas markets where the definition of EDV is wider. The IPC is not persuaded that this is a desirable policy setting.

Furthermore, experience in the context of other intellectual property rights regimes, such as the petty patent and the innovation patent, suggests that foreign right owners, particularly the more sophisticated users of the regimes, become aware of the eccentricities of the Australian system and exploit them adeptly. While the IPC does not have any evidence that this is happening with PBR, it recognises the potential for this to occur.

Conclusion and further contact

The IPC would be pleased to discuss any aspect of this submission. Please contact the chair, Angus Lang, at lang@tenthfloor.org if you would like to do so.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Argy', with a long, sweeping flourish extending to the right.

Philip Argy
Chairman
Business Law Section