New Zealand Institute of Patent Attorneys Inc
www.nzipa.org.nz PO Box 5116, Wellington 6145

19 October 2020

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: DISCUSSION PAPER: REVIEW OF THE PLANT VARIETY RIGHTS ACT 1987 - OUTSTANDING POLICY ISSUES

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

The submissions are made in response to the August 2020 Discussion paper entitled 'Review of the Plant Variety Rights Act 1987 - Outstanding policy issues'.

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 166 Fellows, 3 Honorary, 10 Students, 11 Non-resident, 17 Associates and 1 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.

RESPONSES TO QUESTIONS IN THE DISCUSSION DOCUMENT

Treaty of Waitangi issues

Definitions

2. Do you agree that 'non-indigenous species of significance' be listed in regulations and that the list reflect the table above? If not, why not? Are there species that should be on that list that are not?

A list of non-indigenous species of significance should be included in the regulations to help provide certainty for all stakeholders.

Disclosure obligations and confidentiality

3. Are there any confidentiality considerations in relation to the additional information required under the new disclosure obligations? If so, how should this information be treated?

The NZIPA considers that information provided by a breeder to the Māori PVR Committee (and any one they consult with) must be treated as confidential.

The information provided by a breeder to the Māori PVR Committee may be the first disclosure of a new plant variety by the breeder.

A prior public disclosure can prevent a variety from being protected in some jurisdictions, e.g. the US.

It is, therefore, essential that the information provided by a breeder to the Māori PVR Committee be treated as confidential until an official application is filed, and the subject variety becomes a 'variety of common knowledge'.

Alternatively, if no official application is filed after engagement with the Māori PVR Committee, the information provided by a breeder to the Committee must be kept confidential to ensure the subject variety does not become a variety of common knowledge.

Post-determination considerations

12. Do you agree with our preferred option for a first stage review of determinations of the Committee (Option 3)? If not, why not? Is there an alternative you wish to propose?

The NZIPA agrees that the PVR regime should include a review option that is cheaper and more accessible than judicial review by the High Court.

13. Do you have any thoughts about either the timeframe for initiating this first stage review or the proposal of adding a person to the Committee when they are reviewing a determination, and who might be appropriate?

14. Do you agree with our proposal for imposing a time limit in relation to a review of a determination of the Committee? If not, why not?

A fixed time frame for reviewing a decision is desirable and would help applicants to meet the novelty requirement for PVR applications that are set by UPOV. We discuss this issue in further detail in the 'Other comments' section below.

We suggest a 20 working day review period for initiating a non-Court review process.

15. What do you think is an appropriate timeframe for an aggrieved party to notify Commissioner and the Committee of their intention to seek judicial review?

We suggest at least 20 working days from official notification of a determination.

16. Do you agree with our preferred option and process for objections after grant in relation to the kaitiaki condition (Option 2)? If not, why not? Is there an alternative you wish to propose?

We assume that PVRs granted before the new Act comes into force will only be subject to challenge on the grounds set out in the PVR Act 1987.

While knowingly providing false information to the PVR Office to avoid having the application considered by the Committee should be a ground for cancellation, there may be occasions where a simple mistake or omission was made. In those circumstances cancellation would be a disproportionate penalty.

Applicants would be disincentivised from voluntarily providing additional/better information that may come to light after they file their application, if the consequence of a mistake is cancellation of the right.

For example, it can take several years to develop a new variety, and the first applications to be filed under the new PVR Act are probably already in development. The breeders of these varieties will be collecting information about the parent varieties consistent with the current law and UPOV guidelines. They may not have access to the historical breeding records of the parent varieties and so may be unintentionally unaware that an indigenous variety was involved in the development of the new variety. It would seem in the interests of all stakeholders to allow this information to be added if it later came to light.

Under the Patents Act, applicants and patentees are able to correct a number of mistakes that are discovered after filing, subject to the Commissioner's discretion. The NZIPA suggest that a similar approach be taken with PVRs.

In the interests of certainty for third parties, the NZIPA opposes introducing a process that involves cancelling and subsequently restoring a variety. A third party should be entitled to rely on the PVR Register.

For example, there is recognition of the rights of intervening users in section 124(2) of the Patents Act 2013.

This is of particular concern for PVRs because there are no rights in harvested material for legally obtained plants. Accordingly, if plants were acquired by a third party during the period a PVR was cancelled, the owner of the PVR would have no ability to stop the sale of fruit of those varieties, even if the kaitiaki condition was subsequently met and the PVR was restored.

One solution is to mark a variety that was inadvertently not referred to the Committee as 'Under review', or similar, and only cancel the right if the Committee decides the kaitiaki condition is not met.

Similarly, the patent register shows patent applications that have been accepted but are under opposition.

Information available to the public

18. What do you think about the options outlined by MBIE? What would be your preferred option and why? Are there other options that could be adopted?

In general, we agree that each of options 1-3 has the advantages and disadvantages identified in paragraphs 118-127.

Having parent plants of new varieties identified would make it easier for the Commissioner and other PVR rights holders to monitor new varieties coming onto market and identify any essentially derived varieties.

Option 3 may encourage participation with the PVR process. If an application is unsuccessful, the breeding information will remain confidential and the breeder will not have risked disclosing confidential breeding information without receiving corresponding IP protection.

19. If you support Option 3 what timeframe would you suggest for the information to be made public and why?

If option 3 is pursued, the origin and breeding information should only be disclosed if a PVR protecting the new variety is granted.

Supply of plant material in relation to a specific application

20. Do you consider that these provisions regarding the supply of plant material for a specific application are causing any problems? If so, why?

The NZIPA understands there can be considerable problems with meeting a request to supply plant material and that a key issue is a lack of space in the New Zealand quarantine facilities.

We understand applicants are regularly having to request 12-month extensions (sometimes several sequentially) because of a lack of space in quarantine for plant material requested by the Commissioner. This leads to significant delays for both the DUS trial for that PVR application, and third party trials where the variety has been identified as a comparator plant.

This is especially problematic for vegetatively-propagated varieties, although supplying seed can also be difficult due to biosecurity requirements, and postal system issues, e.g. the significant worldwide postal disruption caused by COVID-19.

The NZIPA supports the filing of applications without plant material or seeds, and applicants only having to supply these upon request. Due to the global novelty deadlines imposed by UPOV it is not possible for many applicants to delay filing an application until plant material is available. These UPOV deadlines cannot be moved.

The NZIPA supports the Commissioner having the flexibility to set a longer deadline for providing plant material in view of the availability of quarantine space.

Provision of propagating material for comparison and reference purposes

21. What are your views of the problem identified by MBIE?

22. Do you support MBIE's preferred option? If not, what other option(s) should be adopted, and why?

We understand that providing material for comparison trials is a fraught issue. We agree that the Commissioner should have express powers to request plant material for the purpose of comparison trials. However, these powers need to balance the need for timely DUS trials with the challenges of quarantine space/working with living things. For example, in view of the limited quarantine space, requiring applicants to prioritise importing plant material for a competitor's trial instead of the plant material they need for their own application may be unfair.

As noted above, the UPOV novelty requirements mean that it is not possible to delay making an application until plant material is available in New Zealand. However, as soon as an application has been filed, the Commissioner is free to cite that variety as a variety of common knowledge and require it to be included in comparison trials. Accordingly, the Commissioner can require an applicant to supply plant material for competitor's trials years before that material will otherwise be available in NZ. This then delays the trials and grant of applications and frustrates all users of the system. We

understand the Commissioner often requires several comparator plant varieties in a trial, compounding the delay. In contrast, overseas trials often include only the closest variety as a comparator.

Some of these issues could be mitigated if the Commissioner used photos and/or a written description of a comparator variety to complete their assessment. Providing the Commissioner with the power to ask for additional information about a comparator variety would enable 'paper' assessments to take place.

If a provision requiring applicants to supply comparator plant material is included in the legislation, then it would be appropriate to include a corresponding provision giving the owners of the comparator variety the option to distinguish their variety. i.e. to present information to the Commissioner to show that it is not a relevant comparator.

As greenhouse growing, for example, becomes common practice, growing under local conditions also becomes less relevant.

The NZIPA understands that some owners of comparator varieties may be reluctant to supply plant material to competitors, especially if it is of a variety not protected by a granted PVR. If provision of plant material is to be required, there must be clear legislative provisions setting out, for example:

- what the plant material will be used for
- who will have access to the plant material
- how confidentiality will be maintained
- what will happen to the plant material once the trial concluded
- penalties for breaches.

Such clarity would give owners of comparator varieties confidence about what can happen with their plant material. The is especially pertinent because questions about the extent of provisional protection have been raised by the European *Nadorcott* decision.

The NZIPA also understands that there may be concerns about requiring applicants to supply material for a reference collection.

The New Zealand market is small and that the entities best placed to maintain a reference collection are also likely to be involved in commercial breeding activity. Accordingly, any reference collection that is established should be run by an independent party.

Reference collections in other jurisdictions require careful management to ensure that the plants appropriately express their distinguishing characteristics. There may also be problems when reference plants die as the rights holder may need to re-import plant material. Sourcing appropriately secure land and maintaining the plants and facility also associated long term costs.

The NZIPA understands that there are questions as to whether the additional costs and complexity introduced by a reference collection would be worthwhile.

23. Do you agree that if material is not provided lapse or cancellation could occur? Can you think of other ways to enforce this requirement? What is the appropriate timeframe?

We believe that identifying an appropriate time frame is currently difficult, due to the ongoing issues with quarantine space (discussed above). It would be unfair to penalise an applicant for failure to provide comparator plant material if an applicant has not yet been able to secure quarantine space for plant material of that variety to begin their own trial.

In addition, factors such as plant type and seasonal growing requirements are relevant. It is unreasonable to require applicants to grow physical plants for all their varieties for the life of the PVR in case they may be required to supply propagating material at short notice.

The storage and supply of plant material may not be a simple exercise. For example if seed is required, it may be necessary to grow plants and harvest more seed. Vegetatively propagated varieties are often stored as tissue culture and it can take considerable time and expense to propagate plants for supplying to third party trials. Combined with the need to grow plants in a particular season and the possibility that, even with due care, plants may become infected or infested with parasites or die due to weather events and, clearly, significant flexibility is required when it comes to deadlines, especially if failure to comply will lead to cancellation of the PVR.

The NZIPA understand that other jurisdictions that require plant material to be kept for the life of the PVR allow it to be stored as e.g. tissue culture, and accept that there will costs and delays associated with preparing propagating material from the tissue culture.

Should growing trials be optional or compulsory?

24. What are your views of the problem identified by MBIE?

Regulation 16 of the PVR Regulations 1988 implies that growing trials are optional. The NZIPA considers the status quo should remain to provide the Commissioner with flexibility.

25. Do you support MBIE's preferred option? If not, what other option(s) should be adopted, and why?

If the applicant can provide information that satisfies the Commissioner that a variety meets DUS requirements, then the Commissioner should have the discretion to grant the PVR without a growing trial. Even if such circumstances are likely to be limited, the system should be sufficiently flexible to allow for grant without a growing trial.

Trial and examination fees

29. Do you support MBIE's preferred option? If not, what other option(s) should be adopted, and why?

We agree that the payment of trial and examination fees should be linked to the timing of any trial.

30. What would be the appropriate timeframe for payment of trial and examination fees in options 2 and 3?

Two months, which is consistent with the time provided to patent applicants after the Commissioner issues a direction to request examination.

Hearings and appeals relating to decisions of the Commissioner of PVRs

31. Do you agree that the Act should include provision for a right to be heard along the lines of that in section 208 of the Patents Act 2013. If not, why?

Yes.

32. What is your view on where appeals to decisions of the Commissioner should be considered (i.e. District Court or High Court)? Why?

For consistency with other IP regimes, we consider that appeals to decisions of the Commissioner should be to the High Court.

OTHER COMMENTS

International novelty requirements

The NZIPA considers that the novelty requirements set by UPOV should be a significant factor in the New Zealand PVR regime. The UPOV requirements are such that applications must be **filed** within 12 months of the first commercial use of a variety in New Zealand or within four years of the first commercial use overseas (six years for trees/vines). If this filing deadline is not met, then an application can be rejected by the Commissioner for lack of novelty. Lack of novelty is also a ground for challenging a grant. Separate to the UPOV novelty requirements, to obtain a US plant patent for a vegetatively propagated variety, the US patent application must be filed prior to any disclosure of the variety or claim priority to an earlier application that predates the disclosure.

These strict novelty requirements must be kept in mind when developing a regime that sets other deadlines and timeframes, such as deadlines for providing plant material for comparison trials or for engagement with the Māori PVR Committee.

New Zealand is required to align with UPOV91 as much as possible. Accordingly, a time frame for decisions from the Māori PVR committee should be provided, alongside options for progression when a decision is not reached within the required period. This will give applicants more certainty about when they must initiate engagement to allow them to still meet novelty requirements for their variety.

One option would be to allow applicants to file their application at IPONZ before engaging with the Māori PVR Committee and have the kaitiaki condition assessed once a filing date has been established. This would ensure that an application falls within the deadlines for novelty and maintain consistency with UPOV91. While we recognise that early engagement would be preferable, there are good reasons why an application may need to be filed pre-engagement, e.g. the filing date provides priority for assessing distinctiveness. Any delay in obtaining a New Zealand filing date means the PVR may ultimately be invalid if a third party variety with the same characteristics is filed in the intervening period.

The NZIPA understands that overseas applicants commonly diary the UPOV convention four/six year deadline. They typically instruct their New Zealand agent very close to these deadlines. Adding in the additional time required for consultation with a Māori PVR Committee could cause applicants to miss these novelty deadlines and, therefore, prevent them from obtaining a PVR in New Zealand. Without a granted PVR, those applicants are unlikely to go to the time and expense required by our strict biosecurity requirements to import the variety into New Zealand. And New Zealand will then be unable to access, and obtain the benefits of, these varieties.

Any deadlines regarding the supply of plant material should also not disadvantage applicants that need to import plant material. As discussed above, applicants are required by the novelty requirement to file in New Zealand several years before they will be able to obtain quarantine space to import their variety.

Costs

The NZIPA concedes that the fees charged by the PVR office will need to be increased to allow them to cover their operating costs.

The NZIPA also understands that there is some concern as to how the operating costs of the new Māori PVR Committee will be covered.

Cost recovery principles mean that the extra cost of applications concerning taonga species should not be included in the fees for applications where the kaitiaki condition is not at issue. Applying the costs for this extra consultation process to all applications may act as a deterrent for breeders to engage with the PVR system.

We also understand that it is possible that a breeder may not seek a PVR after engaging with the Māori PVR Committee, so relying on application fees alone is unlikely to fairly allocate the costs of the system. Careful consideration must be given to the timing and scale of fees relating to taonga species .

Triggers for assessment by the Māori PVR Committee

The NZIPA understands that the scope of the terms 'indigenous species' and 'non-indigenous species of significance' may be of concern to applicants and that two particular circumstances may raise issues; applications from overseas applicants for indigenous varieties that are not endemic to New Zealand, and hybridised varieties.

The NZIPA considers that clarity around the approach the Commissioner will take in these circumstances is crucial, especially because cancellation is being proposed as a consequence for failure to have an application approved by the Māori PVR Committee.

IPONZ policy on plant material ownership

The discussion document refers to the current IPONZ policy on plant material ownership. While this is IPONZ policy, the NZIPA understand that this policy may be insufficient to protect the interests of users such that incorporating this policy into legislation would not resolve the underlying concerns of applicants. In particular, there is no protection for the information that a competitor is able to obtain by observing a comparator variety.

If MBIE wishes to continue with the current policy of IPONZ being an absentee 'custodian', the NZIPA considers that it would be appropriate to strengthen applicants' pre-grant rights and extend protection to cover harvested material.

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