

You Have a New Variety?®

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INTRODUCTION

There are two themes to this paper. The first (Part A) comments on interaction between variety protection and parts of commercialisation, and the second (Part B) on two proposed new amendments to Plant Variety Rights legislation.

A) PLANT VARIETY RIGHTS (PVR) AS PART OF COMMERCIALISATION

Many of you have knowledge and experience with commercialisation of new varieties and are hopefully making money out of them. I have no intention of offering any advice on this. What I will try to do is point out some factors in protecting and managing varieties that seem to be overlooked. I say overlooked because I am frequently queried about the points that will be raised and if you are considering protecting your new variety, what should you consider before commercialisation?

The following are some suggestions:

- Why is the variety different? You certainly know, and it may appear obvious, but you need to be able to clearly explain this to others.
- Think about uniformity or plants being true to type. Is the uniformity as good as it could be? If the variety is variegated, look at other variegated plants in the species or genus and judge if your variety is better, worse, or the same. Does the variety remain uniform through repeated propagation?
- The variety name, or denomination for protected varieties. It is desirable for every variety to have only one variety name. The name selected may be suitable for NZ, but if variety export is a possibility, how suitable would it be for other countries, especially non-English-speaking countries? There is a growing trend to have a variety name/denomination and then a commercial or selling name. I understand there are commercial advantages to this approach, but also possible market confusion where a variety effectively has more than one name. Keep in mind that legally and officially there is only one name, and that is the denomination and it must be used.

Commercial Sales. There can be some significant consequences following the first commercial sale. If PVR is considered, you have 1 year nationally to lodge your PVR application. There is no flexibility in this. One day more than the 1 year the variety will lose all eligibility. You may wish someone else to bulk up your variety then consider carefully how you do this. Should you contract a specialist propagator such as a tissue culture lab or liner nursery, make it clear in the contract who owns all the plant material at the end of the propagation cycle. Should the propagated plant material become the property of the lab or nursery, then that is a commercial sale and for PVR, the clock has started, perhaps earlier than you wish. There are various contractual safe guards to overcome this, and legal advice would be advisable. An option could be to consider paying the lab or nursery for their propagation services, not for actual plants or at the end of the arrangement, buy back all plant material. It can be confus-

ing when the first commercial sale occurs for breeder's whose varieties are used as cut material. It may be that no plants have been sold, however cut stems have been. Sale of cut material could be interpreted as sale of the variety.

The date of first commercial sale can also be of significance if exporting your variety is a possibility. To lodge a PVR application in another country or the European Union, this must be done within 6 years of the first commercial sale anywhere, for a woody plant species and 4 years for all other species. This applies to exported plants and to cut material where the sale actually takes place overseas. New Zealand-bred cut flower varieties have missed out on variety protection in Japan, due to not being new, because cut stems exported from New Zealand had been sold in Japan and the owners did not appear to take this into account when timing the PVR application for the variety in Japan. You should be aware that there is one country exception to the prior sales rules. To be eligible for a United States Plant Patent, it is advisable to lodge that application within 1 year of the varieties first PVR application date. The United States is the only country that places any significance on an application date with respect to whether or not the variety is new.

Labelling for Varieties That May Be Protected in the Future. In previous years I have spoken about labelling protected varieties. More recently there has been discussion between PVRO and several nurseries about labelling of varieties during the 12 months prior sales period. Firstly, the variety has no PVR status and essential it is a free variety. If a competitor begins propagation during that time, prior to application, the competitor is doing nothing wrong. Releasing material before PVR application has a variable level of risk, depending on the species, for the owner and for other propagators. Once PVR application is made, then it is the other propagators who really have the problem depending on how the owner proceeds. A free or non-PVR variety cannot be claimed to be protected in any way, directly or by implication. It is not acceptable and an offence to label a plant protected when it is not, however it is acceptable to give a warning that the variety may be protected in the future by the use of wording such as; PVR may be applied for by a date. The inclusion of a date is important, which would be 12 months after the first date of commercial sale. A solution to all this may be to better integrate the commercial release with the PVR application. I am told there are commercial reasons for not doing this. One of the reasons, I understand is that printing multiple sets of labels with different wording is a major difficulty and cost; however the PVR Act states that claiming a variety is protected when it is not, is an offence.

B) ESSENTIAL DERIVATION

Essential derivation is an entirely new and innovative concept conceived by those who wrote the 1991 International Union for the Protection of New Varieties of Plants (UPOV) Convention. This concept has been proposed for inclusion in amended PVR law, currently under development. An essentially derived variety is one that is considered to be genetically very similar to an initial variety. The second variety is derived from the first, possibly the parent, and could include mutations, genetic engineering, inbreed lines, etc. To be deemed essentially derived, a variety must not only be distinguishable from the initial variety, but also retain the expression of the essential characteristics that result from the genotype or combination of genotypes of the initial variety.

A key feature of PVR is the ability to use protected varieties to produce other varieties, often referred to as the "breeder's exemption" Although highly valued, this has led to some problems. A breeder may spend many years and incur great expense to produce an innovative variety with considerable commercial potential. Under the breeder's exemption, however, another person is free to make a relatively minor change to the variety or identify a spontaneous change (a mutation), to produce a new variety. For example, someone might discover a mutation in the original variety and from it develop a new variety. If the new variety is clearly distinguishable from the original variety the person who developed it is free to protect and exploit it. In other words the second breeder can "free ride" on the investment of the first. The original breeder is unable to stop the second breeder selling the second variety and has no right to share in the profits. It is possible that the second variety becomes more important commercially than the first. This is a problem in apple, rose, or chrysanthemum breeding where mutations occur quite commonly. This situation is addressed by the concept of essential derivation where the second variety could be "essentially derived" from the original or initial variety, and then providing that, while the second breeder may obtain PVR protection of the essentially derived variety, he cannot exploit it without the authorisation of the original breeder. The owner of the initial variety will have no ownership over the derived variety, but will have a say over its commercialisation.

PROPOSED IMPROVEMENT TO THE RIGHTS OF BREEDERS

The 1991 UPOV Convention, which provides the basis for the proposed changes, enhances the Rights of breeders and allows more effective management of protected varieties. The rights of breeders under the current law and the proposed law are compared in Table 1. The rights provided for in the current law are restricted, and are limited to the production for the purposes of commercial marketing, the offering for sale, and the marketing of the protected variety. The proposed new law (based on 1991 UPOV Convention) provides for greater rights for plant breeders in respect of the propagating material of their protected varieties, and also requires that these rights be extended to varieties "essentially derived" from a protected variety.

The current law has a rather narrow emphasis on commercial sales of protected varieties where the proposed law changes provide a much broader interpretation of commercial activity and provide greater opportunities for management of protected varieties.

Table 1. The authorisation of the breeder is required before carrying out the following acts in relation to seed or plant material of a protected variety.

Current law (1978 UPOV Convention)	Proposed law (1991 UPOV Convention)
Production for the purposes of commercial marketing	Production for reproduction (multiplication)
Offering for sale	Conditioning for the purpose of propagation
Marketing	Offering for sale
	Selling or other marketing
	Exporting
	Importing
	Stocking for any of the above purposes

The following examples are some deficiencies in the current law, which could be addressed using remedies in the proposed law changes:

- Currently it is possible to freely export protected varieties providing that all sales and marketing takes place off shore. The Rights holder could take action if protected in the destination market but not at the source. The proposed law change will prevent exports of protected varieties without permission of the variety owner.
- The current Act refers specifically to commercial marketing and offering for sale. It does not address actions such as holding larger quantities of a variety or having stock beds without permission. At present, an owner would have difficulty asserting their Rights if propagation for sale or marketing had not clearly occurred.
- Propagation of protected varieties by noncommercial organisations such as local government or central government agencies currently poses a problem. Propagation does occur but may not for commercial purposes. Currently a Rights owner would have difficulty asserting their Rights, however the proposed law would make this easier as the noncommercial organisation may not be selling the variety but they would be stocking for propagation and production.

CONCLUSION

With the prospect of enhanced PVR law there are increased opportunities for plant breeders to take full advantage of the potential benefits. To do this, breeders should begin early to consider the key unique characters of the variety, why it is different and how could this be commercially successful. Getting a variety quickly onto the market may be attractive, but is this the best long-term strategy, especially if PVR is part of your commercialisation? Consider carefully the possible significance of the first commercial sale of your variety. A good variety name is crucial and to change a variety name early in the life of a variety is much easier than later. Seek advice from those with experience, work out a plan, and look ahead when beginning commercialisation of your varieties.

REFERENCE

International Union for the Protection of New Varieties of Plants (UPOV). 1991. International Convention for the Protection of New Varieties of Plants, UPOV Publication Number 644 (E), Section 1, UPOV, Geneva, Switzerland.