

Plant Breeder's Rights

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Abstract

In Australia, intellectual property protection is available for plants and plant material by way of standard patents, trade marks and plant breeder's rights. The *Plant Breeder's Rights Act 1994* (Cth) ('the PBR Act') provides a legislative framework for the provision of a temporary monopoly over new plant varieties in order to encourage the development of such. This article examines the administrative process relating to the grant of Plant Breeder's Rights ('PBR'), criteria for protection, the scope of the rights, remedies for infringement and enforcement. Reference will also be made to relevant case law. The aim of this article is to raise the awareness of those involved in agriculture of the issues relating to PBR in order to assist in the commercialisation of new plant varieties.

Introduction

Since the introduction of the *Plant Breeder's Rights Act 1994* (Cth) ('the Act') growers have been increasingly utilising the provisions of the Act to manage and commercialise their intellectual property rights. Plant Breeder's Rights are considered to be a simple and straightforward method of plant variety protection compared to patent protection,¹ in part because the scope of protection is defined in the Act. The Act protects not only varieties of plants, but also varieties of trees, shrubs, vines, fruit, vegetable and flowers.² Up to 100 new breeders seek plant protection each year, constituting around 300 applications each year, and by 2004 there were more than 4000 protected varieties.³ In February 2007 the IP Australia database indicated that currently there were 73 varieties of wheat, 20 varieties of barley, 17 varieties of oats, 14 varieties of grape, 65 varieties of plum, 94 varieties of peach and 87 varieties of apple protected by PBR.⁴ Field crops appear to dominate the protection applications with over 680 new varieties being processed since the introduction of plant breeder's protection.

Whilst intellectual property protection by way of copyright, trademarks and patents is well established, intellectual property protection by way of PBR is relatively recent. The right was first introduced in Australia in 1987 through the *Plant Variety Rights Act 1987* (Cth) ('the PVR Act'). This was replaced by the *Plant Breeder's Rights Act 1994* (Cth), to harmonise with Australia's international obligations included in the updated *International Convention for the Protection of New Varieties of Plants* ('UPOV') of 1991.⁵ The UPOV Convention is a multilateral international agreement that provides a form of intellectual property protection specifically developed with the aim of encouraging breeders to develop new varieties of plants.⁶

The High Court of Australia has held that both Acts have been validly enacted by the Commonwealth under section 51 (xviii) of the Constitution.⁷ In *Grain Pool of Western Australia v Commonwealth*⁸ the Grain Pool of WA unsuccessfully argued that both Acts were invalid in that they were not supported by section 51 (xviii), the external affairs power (section 51(xxix)) or matters incidental to the execution of any power vested by the Commonwealth (section 51 (xxxix)).

The issue in *Grain Pool* was that the State of Tasmania had been granted plant variety rights in Franklin barley pursuant to the *Plant Variety Rights Act 1987* (Cth). The PVR Act was subsequently repealed and replaced by the *Plant Breeder's Rights Act 1994* (Cth). By virtue of section 82 of the PBR Act, the rights

¹ *JEM Ag Supply v Pioneer Hi-Bred International Inc* (2001) 534 US 124 at 143.

² A plant is defined in section 3 of the Act to include 'all fungi and algae but does not include bacteria, bacteroids, mycoplasmas, viruses, viroids and bacteriophages'.

³ <http://www.acipa.edu.au/PBR/1_4.html> at 5 January 2007.

⁴ <<http://pbr.ipaustralia.plantbreeders.gov.au>> at 7 February 2007.

⁵ Advisory Council on Intellectual Property, *Should plant and animal subject matter be excluded from protection by the innovation patent?* (2004) 8.

⁶ Advisory Council on Intellectual Property, *A review of enforcement of Plant Breeder's Rights* (2007) 4.

⁷ *Grain Pool of Western Australia v Commonwealth* (2000) HCA 14 ('*Grain Pool*').

⁸ (2000) HCA 14.

held by Tasmania under the PVR Act continued to have effect. In 1992, Tasmania had granted an exclusive license to Cultivaust Pty Ltd in respect of Franklin Barley. Cultivaust subsequently alleged that the Franklin Barley supplied by the Grain Pool of WA had infringed its rights with respect to Franklin barley and caused them loss by selling the barley. However the Grain Pool of WA contended that the operation of section 51(xviii) was limited to certain principles of patent law, such as novelty and inventive step, and thus plants are precluded from its scope.⁹ This argument was rejected by the High Court.¹⁰

This article will discuss the alternative intellectual property regimes available for plant protection and then consider the specific provisions of the PBR in order to allow growers to be aware of their rights and obligations under the PBR Acts when purchasing or using protected seed or in protecting their rights under the Act.

Intellectual property protection

There are principally three intellectual property rights that are obtainable in the context of plant materials, to provide a breeder with varying exclusive rights relating to the exploitation of a new type of plant: patent rights, trade mark rights and plant breeder's rights.

A standard patent is granted for an invention that is a new idea and provides a practical solution or advantage to a technological problem. It provides the inventor with an exclusive right to exploit their invention for a period of 20 years. In accordance with the general patentability provisions of the *Patents Act 1990* (Cth), there are a number of criteria that must be satisfied in order for a patent to be granted in respect of a plant. Firstly, the invention must involve the intervention of a technologist applying their inventive ingenuity to produce something distinguishable from the natural source material. That is, there needs to have been some sort of intervention, as opposed to a discovery in the countryside.¹¹

Secondly, the Patents Act requires that the plant variety, plant components, or plant materials must be new and novel when compared to what has been publicly available prior to the date of application. Accordingly, other than for reasonable trial and experimentation, the invention must not have been available to the public, or available for use or sale, at anytime prior to the application being lodged.

Lastly, the invention must be non-obvious to a person skilled in the art. This requirement has resulted in many new plant varieties failing to meet the patentability criteria, particularly when traditional and well-known breeding methods have been employed to develop the new plant.

⁹ The issue of breach was considered in *Cultivaust Pty Ltd v Grain Pool Pty Ltd* [2004] FCA 638.

¹⁰ *Grain Pool* (2000) HCA 14.

¹¹ IP Australia: Australian Patents for Plants <<http://www.ipaustralia.gov.au/pdfs/patents/specific/Australian%20Patents%20for%20Plants.pdf>> at 5 April 2007.

A trade mark is another form of intellectual property right that bestows an exclusive right upon the trade mark owner to use a trade mark in connection with particular goods and services. A trade mark is a sign used to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.¹² There are many types of signs, including for example colours and sounds, but typically, the sign utilised is a combination of words, or a visual device such as a logo.

In the context of a plant variety, the plant names themselves are precluded from being registered as trade marks, as they are descriptive of the good for which trade mark protection is being sought. The trade mark needs to distinguish the grower's plants from the same plants of their competitor. If a trade mark is selected that has not been previously used to describe a plant variety, it may initially be registrable. However, if that trade mark is then used to describe a particular variety, the trade mark may become vulnerable to removal, on the basis that the trade mark has either become a generic term to describe the variety, or that the trade mark has not been *used* as a trade mark by the grower.¹³ A proposed trade mark should thus be distinctive, and used *as a trade mark*, rather than describe the plant variety being promoted or sold.

To illustrate by way of example, a breeder is selling a new type of apple known under the common name 'Freyland'. The breeder has devised a trade mark, 'Viebreet', that they then use in conjunction with the name of the variety; i.e., they sell apples labelled with the words 'Viebreet Freyland'. Hence, the trade mark 'Viebreet' serves to distinguish the 'Freyland' apples from the 'Freyland' apples produced by other growers. The grower of our example may also sell 'Viebreet Valencia' oranges, and other plants under the same mark. The trade mark can thus be used to denote the origin of the goods, and the public can come to associate attributes such as quality, freshness and desirability with the breeder's trade mark. The trade mark registration excludes other persons from using the breeder's 'Viebreet' trade mark.

Ideally, a breeder may utilise all of the intellectual property rights available to them in protecting the new plant variety they have created. However, pragmatically, it is worth considering the comparative benefits of each of these three rights.

A trade mark provides the advantage of associating goodwill and reputation to a particular mark, which can in turn be used to garner business advantage. However, a trade mark will not preclude another breeder selling the same plant under a different trade mark. Hence, it is best used in conjunction with a right designed to protect the plant itself.

¹² *Trade Marks Act 1995* (Cth) s 7.

¹³ *Trade Marks Act 1995* (Cth) ss 41, 92.

Whilst a granted patent can provide broad protection for a particular idea, the patenting process can be arduous and expensive, and the hurdles that need be overcome in establishing that the plant was a ‘non-obvious’ development can be difficult, depending on the circumstances.

The plant breeder’s right, in contrast, provides a relatively straightforward registration process, as will be explored below. It need only be shown that the variety is distinct, uniform and stable – the method of development does not need to be novel. Dual protection may be sought under both the Patents Act and the PBR Act, if the applicant so desires.

Administration of PBR

The Plant Breeder’s Rights Office (‘the PBRO’), which is a division of IP Australia, administers the PBR Act. The PBRO is responsible for the substantive examination of PBR applications, and maintaining the PBR register.

Granting Plant Breeder’s Rights

The process of obtaining Plant Breeder’s Rights is somewhat analogous to that of patent protection, in that there is a registration requirement, and an examination with respect to distinctiveness, uniformity and stability.¹⁴ As with patent protection, the rights of a PBR grantee are in the form of a monopoly. The process involves an initial application from a breeder, followed by a preliminary examination by the PBRO. Provisional protection may then be granted. Within 12 months, a detailed description of the plant is submitted to the PBRO. There is then publication of the details, an opportunity for third party objection, a more detailed examination of the application, and finally, the grant of the monopoly.

A breeder is defined in the Act as the original breeder of a new variety, the employer of the original breeder or a person who has acquired ownership from the original breeder. There may also be two or more joint breeders.¹⁵

Preliminary examination

The preliminary examination involves an assessment to ensure that a similar application has not already been lodged and that the plant is distinct from all other known varieties.¹⁶ If the application satisfies these requirements then the application will be given preliminary registration by the Secretary. Public notice will also be given of the acceptance of the application.¹⁷ If the Secretary decides to reject the application, a written notice is provided to the applicant and public notice is also given of the rejection.¹⁸

¹⁴ Section 43.

¹⁵ Section 3.

¹⁶ Section 30(2).

¹⁷ Section 30(4).

¹⁸ Section 30(5).

Within 12 months of the application being given provisional protection, the applicant must provide a detailed description of the plant variety.¹⁹ An opportunity is then provided for other parties whose interests may be affected to raise objections if they do not consider that the application meets the criteria for the granting of PBR. This is assisted by the publication in a Plant Varieties Journal of a detailed description and photograph of the plant.²⁰

Grant of PBR

Following publication of the details of the plant, the application is examined by the PBRO. The first stage is a determination of whether the plant is an excluded variety. Section 42 of the Act prohibits the granting of PBR in any variety of plant in a taxon²¹ that the regulations declare to be a taxon to which the Act does not apply. Secondly a plant variety is only registrable if the variety has a breeder, is distinct, is uniform, is stable and the variety has not been exploited.²² The requirements of distinctiveness, uniformity and stability are often referred to as the 'DUS' requirements and the reference to exploitation is analogous to the requirement of novelty in patent law.

Criteria for DUS

A variety is distinct if it is clearly distinguishable from any other variety whose existence is a matter of common knowledge.²³ It is uniform if subject to the variation that may be expected from the particular features of its propagation, it is uniform in its relevant characteristics on propagation.²⁴ It is stable if its relevant characteristics remain unchanged after repeated propagation.²⁵

The PBRO will conduct an initial examination of an application, and determine whether a comparative trial is required. There are a number of factors that determine whether such a trial is required including the type of taxon, whether the variety has previously been test grown in a UPOV member country using UPOV guidelines and test procedures,²⁶ and the particulars of the application.

If a comparative trial is required, an applicant must use an accredited qualified person ('QP'), who will accept the responsibility for all aspects of the trial, and conduct the trial according to the UPOV guidelines.²⁷ The PBRO may conduct a field examination of the comparative trial, and propagating material must be deposited into a Genetic Resources Centre.

¹⁹ Section 34.

²⁰ Section 47.

²¹ A group or category in a system for classifying plants.

²² Section 43 (1)(a) to (e).

²³ Section 43(2).

²⁴ Section 43(3).

²⁵ Section 43 (4).

²⁶ IP Australia, *Plant Breeder's Rights: About the Plant Breeder's Rights Scheme* (2006)

<<http://www.ipaustralia.gov.au/pbr/aboutscheme.shtml>> at 5 January 2007.

²⁷ Section 41.

There are over 280 registered QPs in Australia and New Zealand, each of whom is accredited to consult on one or a limited range of plant species in which they have expertise. In addition to gaining accreditation, the QP must attend annual training workshops provided by the PBRO to retain accreditation. These measures aim to ensure that PBR grants are technically rigorous and legally sustainable in the event of infringement.

Prior exploitation

This requirement is analogous to the condition of novelty in patent protection. A plant variety is considered not to have been exploited if at the time of lodging the application for PBR the plant material of the variety has not been sold to another person by, or with the consent of the breeder.²⁸ Additionally a ‘recent’ exploitation will not void the application. A ‘recent’ exploitation occurs if at the date of lodging the application for PBR in the plant or plant variety, the plant or variety has not been sold to another person by the breeder, either:

- (a) in Australia – more than one year before that date; or
- (b) in the territory of another contracting party;
 - (i) in the case of trees or vines – more than 6 years before that date; or
 - (ii) in any other case – more than 4 years before that date²⁹

The definition of ‘sale’ was considered by the Federal Court of Australia in *Sun World Inc v Registrar, Plant Variety Rights & Anor*³⁰ and *Sun World International Inc (Formerly Sun World Inc) v Registrar, Plant Breeder’s Rights (Formerly Registrar, Plant Variety Rights) & Anor*³¹ which was an appeal to the Federal Court of Australia arising from the earlier decision relating to the sale of Sugarone grape vines. The issue related to the definition of ‘sell’ as stated in section 3 of the *Plant Variety Rights Act 1987* (Cth). The section defined sell to mean; ‘in relation to a plant or reproductive material of a plant, includes let on hire and exchange by way of barter.’

In the appeal the plaintiff argued that section 14 of the PVR Act, which provided that PVR’s were not to be granted in respect to varieties previously sold, should be understood according to the technical sense it bears in the common law. That is the primary meaning if the word sale refers to a transfer of the property in the goods from a seller to a buyer for monetary consideration.³² In this case, the disposition of the reproductive material was accompanied by restrictive covenants on the use of the vines and this did not constitute a sale in the legal sense. The members of the court rejected this argument. Carr J held that it was not the intention of the parliament to construe the word sell in the Act as being confined to a transfer of the

²⁸ Section 43(5).

²⁹ Section 43(6).

³⁰ [1997] 924 FCA.

³¹ [1998] 1260 FCA.

³² See Burchett J at 1263.

property in the plant or reproductive material for a consideration limited to money, and hence, that a broad interpretation of the word sale should be adopted. Accordingly, it was held that a sale had taken place.

Scope of PBR

The scope or extent of PBR's is not only important from the owner's perspective but also from that of a grower in that growers must be aware of the extent of rights in order not to infringe the rights of the owner.³³ In determining the extent of the rights it is necessary to consider the range of activities and the materials covered by the right.

The general nature of PBR in a plant variety is the exclusive right to do various acts in relation to the propagating material of the variety. These include the right to:³⁴

- (a) produce or reproduce the material;
- (b) condition the material for the purpose of propagation;
- (c) offer the material for sale;
- (d) sell the material;
- (e) import the material;
- (f) export the material;
- (g) stock the material for the purposes described in paragraph (a), (b), (c), (d), (e) or (f).

In the event that an owner sells propagating materials to a grower, the grower may sell the harvested material at their discretion, other than for further production or reproduction of the material.³⁵ Thus, the rights above in relation to the PBR are extinguished with respect to the harvested material in these circumstances. This allowance does not, however, apply to subsequent harvests using propagating material from plants grown from the first provided propagating material, unless the owner granted permission to do so, or the owner had a reasonable opportunity to exercise their right in relation to the propagating material.³⁶

Exploitation of PBR

The nature of the rights is that PBR is personal property and is capable of assignment, or of transmission by operation of law or by licence.³⁷ However, to be effective, any assignment must be in writing signed by or on behalf of the assignor or assignee.³⁸ Consequently, where the owner of the PBR does not wish to personally exploit their rights they may enter into a contractual arrangement with a third party such as a seed supplier, whereby those rights are transferred from the owner to the third party.³⁹

³³ Section 20(2).

³⁴ See section 11 (a) to (g).

³⁵ Section 23.

³⁶ See Sections 14, 15.

³⁷ Section 25 (1).

³⁸ Section 25 (2).

³⁹ For a discussion of the legal issues relevant to assignment of rights see J. W. Carter & D. J. Harland, *Contract Law in Australia* (2002, 4th ed) 345-346.

One alternative is for the owner to enter into a licensing agreement with a third party or agent.⁴⁰ Again, a license is a contractual arrangement which allows the licensee to do one or more of the exclusive rights of the owner. The specific rights will be dependent on the terms of the contractual arrangement. Licenses may be exclusive whereby the owner agrees not to grant rights to another third party, however, it may be advantageous for the grower to enter into individual licenses with a number of agents or growers.

Another type of contractual arrangement is to place restrictions on the use of the plant variety in the form of end-point royalties. This type of agreement provides for the owner to obtain a royalty on the harvested product, rather than the propagating material. This would usually take the form of a payment of \$X dollars per tonne of harvested material.

From a grower's perspective, this allows some of the risk associated with growing the crop to be shared. They only need pay for those quantities of crop that are successfully harvested, and thus if the variety does not behave as expected, the grower does not pay a premium to the owner. They can also access a new, sought-after variety without having to pay the seed royalty costs up-front. However, growers should be aware that some of the provisions and exemptions available to them (see below under the section entitled 'Exceptions to protection') may be forfeited as a result of signing terms of the contract.

From an owner's perspective, the owner can be assured that they will receive a royalty even if the grower uses a seed that has been saved, as the farm-saved seed exception in the PBR Act (see below) would otherwise apply to the propagating material. The owner can thus expect an income stream over a longer period, and hence reduce the initial seeding costs to growers.

The basis of the PBR Act is that there is a prohibition on the dealing with a protected variety without the permission of the owner. All commercial aspects are a matter of negotiation between the owner and others who wish to exploit the exclusive rights of the owner. Where agreements are subsequently entered into by the parties it is important that the obligations of the parties are clearly understood as any subsequent breaches or disputes may have to be determined under the law of contract rather than under the provisions of the PBR Act.

The decision in *Zee Sweet Pty Ltd v Magnom Orchards Pty Ltd & Others*⁴¹ demonstrates the need for parties to be aware of the terms in any user agreement. Zee Sweet held an exclusive license to produce and sell peaches and nectarines. They subsequently granted a license to Magnom Orchards to use the protected material in order to grow and sell fruit. Magnom committed a number of breaches of the licensing

⁴⁰ Section 20(3).

⁴¹ [2003] VSC 486.

agreement in that it permitted the fruit to be sold and exported without using the Zee Sweet trade mark and also failed to make production royalty payments within the required time. The court ordered Magnom Orchard to pay Zee Sweet damages plus court costs estimated at \$750,000. In addition the court ordered that the fruit trees be destroyed.

Magnom alleged that the order sought by Zee Sweet to destroy the trees was in effect a penalty.⁴² The court noted that the question whether a particular contractual provision was penal in nature must be determined as at the date of the contract. In this case the trees had been in the ground for a number of years. They could not be easily removed and returned to the seller and consequently destruction was the only option.⁴³

The Act also requires reasonable public access to plant varieties covered by PBR⁴⁴ and in some instances the Plant Breeder's Rights Office may impose a licence on the owner of the PBR.⁴⁵ The requirement of reasonable public access will be satisfied if propagating material of reasonable quality is available to the public at reasonable prices or as gifts to the public to meet demand.⁴⁶ Where a person can show that within 2 years of the grant of PBR the owner has not complied with this requirement the PBR Office may grant a license to a person subject to such terms and conditions the Office considers appropriate.⁴⁷

To date there have been no compulsory licences issued. From the wording of the section it is considered that it may be difficult to determine what is 'reasonable' in the circumstances. In 2001, the United Kingdom Controller of Plant Variety Rights refused the first compulsory license application under the *Plant Variety Act 1997* (UK) on the basis of the inability of the applicant to show that the owner had unreasonably refused a license to the applicant.⁴⁸

Duration of PBR

Generally the PBR in a plant variety commences on the date that the grant is made and in the case of trees and vines is 25 years⁴⁹ from that date. For all other varieties the duration of the PBR is 20 years.⁵⁰

Infringement of PBR

⁴² At paragraph 61.

⁴³ For a discussion of the legal principles relative to penalty clauses in contract see *O'Dea v Allstates Leasing System (WA) Pty Ltd* (1983) 152 CLR 359; *AMEV-UDC Finance Ltd v Austin* (1986) 162 CLR 170 and *Esanda Finance Corp Ltd v Plessnig* (1989) 166 CLR 131.

⁴⁴ Section 19(2).

⁴⁵ Section 19(3).

⁴⁶ Section 19(2).

⁴⁷ Section 19(3).

⁴⁸ See *Sacker Potatoes Ltd v C Meijer BV* (Unreported, October 31, 2001). The issue here related to the refusal of Meijer, the owner of a potato variety (Lady Rosetta) which was used in the manufacture of potato crisps, to grant a license to Sacker.

⁴⁹ Section 22(2)(a).

⁵⁰ Section 22(2)(b).

As noted above, the general nature of PBR in a plant variety is the exclusive right to do various acts in relation to the propagating material of the variety.⁵¹ A person will infringe those rights if they do any act which falls within those exclusive rights without the permission of the grantee.⁵² It is only the grantee who may begin an action in the Federal Court of Australia.⁵³ The relief that the court may grant in proceedings for PBR infringement include an injunction, and at the option of the plaintiff an account of profits or damages.⁵⁴

The case of *Buchanan Turf Supplies Pty Ltd v Premier Turf Supplies Pty Ltd*⁵⁵ illustrates the issues which may arise from possible infringements of PBR. In this case, Buchanan was the owner of PBR with respect to a variety of soft leaf buffalo grass called 'Sir Walter'. The rights were granted under section 44(4) of the PBR Act on 27 March 1998 and were to expire on 27 March 2018.⁵⁶ Premier Turf were one of Buchanan's main competitors in supplying and laying grass and Buchanan alleged Premier Turf supplied or offered to supply customers with turf represented to be Sir Walter when it was another variety of buffalo grass. Buchanan claimed that such conduct constituted an infringement of their PBR in respect of section 53(1)(c) of the PBR Act.⁵⁷ In June 2002 the Federal Court by consent granted an interlocutory injunction against Premier Turf (and one of its directors, Mr Garay) to restrain them from representing to anyone that Premier Turf were authorised to sell the Sir Walter variety of grass.⁵⁸ While Hely J was unable to determine on the facts if any contravention was involved, he granted final injunctive relief in the terms of the interlocutory injunction in view of misrepresentations by Premier Turf.⁵⁹ In addition Buchanan sought damages for loss of business profits caused by the diversion of customers to Premier Turf. On the evidence His Honour was unable to determine the quantity of grass sold by Premier Turf that was represented as Sir Walter, and additionally found that as the demand for Sir Walter grass exceeded the available supply Buchanan had not suffered any loss in consequence of Premier Turf passing off other grass as Sir Walter.⁶⁰

Mr Garay was subsequently found guilty by virtue of breaching the terms of the final injunction ordered by Hely J and the court made orders that he be imprisoned for a period of two months for contempt.⁶¹

⁵¹ Above n 30.

⁵² Section 53.

⁵³ Section 54(1).

⁵⁴ Section 56(3). For a discussion of accounts of profits as a discretionary remedy see William Van Caenegem, *Intellectual Property* (2001) 311-317.

⁵⁵ [2003] FCA 230.

⁵⁶ See paragraph 3.

⁵⁷ Section 53(1) in part states that a plant variety is infringed by (c) a person using a name of the variety that is entered into the register in relation to (i) any other plant variety of the same class; or (ii) a plant of any other variety of the same plant class.

⁵⁸ See paragraph 13.

⁵⁹ See paragraph 87.

⁶⁰ See paragraphs 132 and 136.

⁶¹ See *Buchanan Turf Supplies Pty Ltd v Premier Turf Supplies Pty Ltd* [2004] FCA 1694.

In addition to the civil penalties, the Act also provides for criminal penalties for infringement of PBR.⁶² Where a person makes false statements in documents for the purpose of the Act, there is a penalty of 6 months imprisonment.⁶³

In the Act there is a defence to a claim of infringement if a person can satisfy the court that at the time of infringement they were not aware or had no reasonable grounds for suspecting that the variety was protected by PBR.⁶⁴

Exceptions to protection

The Act provides that acts done for private non-commercial, experimental or breeding purposes do not infringe PBR.⁶⁵ Importantly, the Act provides that farm-saved seed harvested from legitimately acquired propagating materials does not infringe PBR subject to certain limitations.⁶⁶

The ‘farm-saved seed exemption’ allows growers to harvest and use propagating material derived from crop grown from the original and legitimately acquired propagating material for subsequent cropping cycles on their own farm.⁶⁷ The farm-saved seed exemption does *not*, however, allow a grower to sell, exchange, share or barter the harvested material grown from the farm-saved seed to another party, without the further authorisation of the owner. If this occurs, the owner is entitled to exercise the PBR rights and require a royalty to be paid as specified in sections 14 and 15.

The farm-saved seed exception was considered in some depth in the case of *Cultivaust v Grain Pool Pty Ltd*.⁶⁸ The issues in *Cultivaust* were whether *Cultivaust* and the Grain Pool had entered into a contract or reached agreement concerning the payment of production levies or end-point royalties with respect to a grain known as Franklin Barley, and whether the sale of farm-saved seed infringed the PBR rights owned by Tasmania.

The State of Tasmania had been granted plant variety rights in Franklin Barley pursuant to the *Plant Variety Rights Act 1987*. In 1992, Tasmania granted *Cultivaust* an exclusive license in respect of Franklin barley. In the same year, *Cultivaust* approached the Western Australia Department of Agriculture (‘WADA’) about the possible conduct of growing trials of Franklin barley in Western Australia. It was agreed that two tonnes of Franklin barley would be supplied for commercial malting evaluation, and that all Franklin grain must be delivered to the Grain Pool of Western Australia (‘GPWA’).

⁶² Section 74(1).

⁶³ Section 75(1).

⁶⁴ Section 57(1).

⁶⁵ Section 16(a), (b) and (c).

⁶⁶ Section 17.

⁶⁷ Section 17; ACIP – Review of enforcement of PBR, 17.

⁶⁸ [2004] FCA 638.

The barley that was grown and harvested by farmers in Western Australia and provided to the Grain Pool of Western Australia (GPWA) under a compulsory marketing scheme administered by GPWA.⁶⁹ GPWA then sold the grain to maltsters on behalf of the farmers.⁷⁰

In the years following, farmers sourced supplies of Franklin barley direct from Tasmania in accordance with permission granted by the GPWA.⁷¹ The farmers retained part of their Franklin barley crop as farm-saved seed, and then replanted this seed in ensuing seasons to produce next year's crop. The farmers disposed of the non-retained part of the Franklin barley crops to the GPWA for malting or feed purposes, that is, for final consumption purposes.⁷²

Both Cultivaust and Tasmania alleged that the GPWA had infringed the PBR in Franklin barley.⁷³ Mansfield J noted⁷⁴ that the purpose of the PBR Act was to create monopoly rights in certain plant varieties in order to encourage the development of new plant varieties. However these rights are not exclusive and are subject to specified exemptions.

Section 18(1) of the PBR Act at the relevant time provided that despite the fact that a plant variety is covered by PBR, any act referred to in section 11 that enables the use of that propagating material as a food, food ingredient or fuel or for any other purpose that does not involve the production or reproduction of the propagating material does not infringe the PBR.⁷⁵

It was held⁷⁶ that the alleged infringement fell within the scope of this 'food exception' as the barley was used for malting and animal feed purposes, and consequently, the GPWA did not infringe the PBR rights of Cultivaust or Tasmania. It was held that the farm-saved seed exception of section 17 enabled the farmers to lawfully retain seed for subsequent cropping cycles on their own farm.

Despite the conclusions in this case, it is important to note that the section 18 exception was significantly restricted by the *Plant Breeder's Rights Amendment Act 2002* (Cth). As a result, section 18 no longer operates as a blanket exemption to the sale of protected propagating material for use as a food. Careful consideration must now, therefore, be given as to whether a farmer is authorised to sell any propagating or

⁶⁹ *Grain Marketing Act 1975* (WA).

⁷⁰ See paragraph 3.

⁷¹ See paragraph 42.

⁷² See paragraph 75.

⁷³ In the alternative they also claimed a breach of contract, estoppel and breach of fiduciary duties. See paragraphs 229, 236 and 248.

⁷⁴ See paragraph 220.

⁷⁵ See paragraph 60.

⁷⁶ See paragraph 227.

harvested material that is the subject of PBR, as the farm-saved seed exemption no longer extends to the sale, exchange, share or barter of material harvested from farm-saved seeds.

Conclusion

The objective of the PBR scheme is to encourage plant breeding and innovation through the granting of a limited commercial monopoly to breeders of new plant varieties. Through this monopoly breeders are granted legal protection which prevents unauthorised persons from unlawfully exploiting the rights of the breeder.

Compared to obtaining a standard patent, PBR is a relatively simple and straight forward means of protection. The scope of protection is defined in the Act, and the breeder does not have to draft a complex application that defines the scope of the monopoly. The breeder need only show that he or she has created a new plant variety that satisfies the various requirements of the Act.

While the purpose of the PBR Act is to create monopoly rights in certain plant varieties in order to encourage the development of new plant varieties, these rights are not exclusive and the Act provides for a number of exemptions.

Notwithstanding, growers should be aware of the PBR system and the rights granted pursuant to it, as a PBR owner may initiate legal action seeking damages or an account of profits. The PBR Act provides for additional penalties for intentional or reckless infringement of a breeder's right of up to \$55,000 for individuals and \$275,000 for corporations, if a successful infringement action is brought.⁷⁷ Growers should ensure that they are not infringing any relevant plant breeder's rights by checking with the person that has supplied the propagating material, and by browsing the *Plant Varieties Journal* available from the PBR website. When in doubt, a professional advisor should be engaged to clarify any relevant rights and obligations arising from the PBR Act.

⁷⁷ Section 74; *Crimes Act 1914* (Cth) s 4AA; *Crimes Act 1914* (Cth) s 4B(3).