



THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS  
FICPI AUSTRALIA

22 September, 2008

Sean Applegate  
Secretariat  
Advisory Council on Intellectual Property  
PO Box 200  
WODEN ACT 2606

Dear Mr Applegate,

**ACIP Review of Enforcement of Plant Breeder's rights**

I refer to your email of 19 June 2008 inviting FICPI Australia to comment on ACIP's Options Paper of June 2008, and apologise for our delay in providing those comments. I appreciate that we are now beyond even the extended deadline that you were generous enough to allow us, but I hope ACIP will nevertheless take notice of the following comments on the Options Paper.

FICPI Australia is an organisation drawing its members from registered patent and trade marks attorneys in Australia that are proprietors or partners in patent and trade mark attorney firms conducting business in Australia. FICPI Australia does not directly represent intellectual property owners, but its members work directly and closely with such persons. The comments that follow are therefore based on some of our members' experience in representing users of the Plant Breeder's Rights Act 1994 (the PBR Act), as well as those who may infringe rights granted under that Act.

FICPI Australia is also an Australian association of a parent international body – FICPI (Fédération Internationale Des Conseils En Propriété Industrielle). FICPI members internationally are Intellectual Property attorneys and practitioners who work in private practice for many clients. Thus, FICPI represents the "free" profession. FICPI works with international bodies and various IP offices to monitor and enhance the intellectual property system and IP protection and enforcement procedures generally.

The Institute of Patent and Trade Mark Attorneys (IPTA), an organisation representing registered patent and trade marks attorneys in Australia, has provided limited comments to FICPI Australia on the Options Paper and has advised that it fully supports this submission.

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Our comments are derived closely from work done on FICPI Australia's behalf by Ms Amanda Jones, a principal of Watermark, and Ms Robynne Sanders, a director of Watermark Intellectual Property Lawyers, and we are grateful to them for their assistance in providing this response as well as to others who have provided input. It will be noted that no comment has been provided on some of the options outlined in the paper. This is because it is considered that we have insufficient expertise to provide those comments.

In providing the following comments, we have avoided repeating the wording of the various sections of the PBR Act referred to and the explanation of each option provided by ACIP in the Options Paper.

### **3.1 EXCLUSIVE RIGHTS GRANTED**

The importance of section 11 to enforcement is that the section which deals with infringement, ie section 53 of the PBR Act, bases infringement on a breach of this section. In certain circumstances, the rights conferred by section 11 extend to essentially derived varieties (section 12), certain dependent plant varieties (section 13), harvested material (section 14), and products obtained from harvested material (section 15).

The Options Paper suggests the following options relative to section 11:

- Option 1:** No change to the rights of PBR owners
- Option 2:** Provide PBR owners with an additional right over 'use' of the material
- Option 3:** Provide PBR owners with an additional right over 'purchase' of the material

FICPI Australia supports Option 2, not Option 1. Extending the rights of the PBR owner would provide the opportunity to collect royalties further down the value chain, thus providing a greater return to breeders and a further incentive to breed new varieties. If option 2 is adopted a "purchase right" as proposed under Option 3 may not be necessary.

### **3.2 EXTENDED RIGHTS AND REASONABLE OPPORTUNITY**

The Options Paper offers the following options in relation to sections 14 and 15, dealing only with 'reasonable opportunity'. However, it is noted that section 17 commonly has to be considered alongside at least section 14.

- Option 4:** No change to sections 14 and 15
- Option 5:** Clarify the meaning of 'reasonable opportunity'
- Option 6:** Reverse the onus of proof
- Option 7:** Delete references to 'reasonable opportunity' in s.14 and 15
- Option 8:** Clarify the application of s.11, 14 and 15 to grains

FICPI Australia supports Option 8, but with some amendment of the sections.

We do not support Option 4 because it is considered that amendment to sections 14 and 15 would be advantageous, albeit not directly in relation to the term "reasonable opportunity" as proposed under Options 5 and 7.

The term "reasonable opportunity" is used in the corresponding provisions of the UPOV Convention, and deleting it from sections 14 and 15 is not supported in view of this. We believe that the word "reasonable" is well known in the law in Australia. "Reasonable Opportunity" can therefore be considered and construed by the courts in the context of the facts of any individual case, as proposed under Option 5.

This would not preclude the sections being reviewed by an expert panel to provide some guidelines which are relevant to the application of the sections to grains and other plant material, but FICPI Australia's preference would be to amend the sections (and/or section 3) to make clear that "harvested material" (and by implication "propagated material") includes entire plants and parts of plants, as in Articles 14(2) and (3) of the UPOV Convention.

In a more general context, it has been suggested to us that a problem underlying the issues sought to be addressed by Option 8 stems from the fact that there are classes of varieties (eg seeds and grains, but also other plant material such as vegetatively propagated plants, sugarcane, citrus, pineapple, banana and plantain, roots and tubers, ornamental flowers (anthrium, alpinia, strelizia) and vanilla) that satisfy the definitions of both "propagating material" and "harvested material" at the same time. For these classes, even if the material is dealt with legitimately (eg by way of sale or export as harvested material intended for use in food production), the same material can also simultaneously be dealt with as "propagating material", so infringing the applicable PBR. This has wider implications in the interpretation and application of the PBR Act than just sections 11, 14 and 15.

FICPI Australia does not support Option 6, reversing the onus of proof, since this would not be in accordance with the Australian legal standard of a presumption of innocence.

### **3.3 FARMER'S PRIVILEGE AND BALANCE OF RIGHTS - ALL TAXA**

The Options Paper offers the following options in relation to Section 17:

- Option 9:** No change to the farm saved seed exemption
- Option 10A:** Modify the farm saved seed exemption to be explicitly limited
- Option 10B:** Modify the farm saved seed exemption to be similar to that in Europe
- Option 11:** Remove the farm saved seed provision

FICPI Australia supports Option 10B, not Option 9 or the more extreme Option 11. The following statement by Dr Noel Byrne<sup>1</sup>, commenting on the 1987 Plant Varieties Act, appears to still be relevant under the current provisions:

*The issue of farmer's exemption relating to farm-saved seed of varieties produced under breeder's rights law is a particularly difficult question in Australia. Farmers and other*

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<sup>1</sup> Chapter 7 of the Report prepared by Dr Noel Byrne dated 7 November 1990 entitled "Legal Protection of Plants in Australia under the Patent and PVR Legislation

*commercial plant propagators, supported by some consumer groups, tend to be extremely hostile to any suggestion that the traditional practice of saving seed to sow for the next harvest should be restricted, notwithstanding that its restriction could be in the long-term interests of private plant breeding in Australia. If the practice prevents the plant breeder from amortizing his investment in breeding a new variety, what incentive is there to invest private capital in plant breeding in Australia? Alternative investment opportunities are likely to be far more attractive.*

It is acknowledged that removing the farm saved seed exemption entirely in accordance with Option 11 would go further towards providing incentive to invest private capital in Australia in plant breeding for plant material that can be produced by a user. However, it clearly would not be supported by farmers, and could be very difficult to police, particularly amongst farmers and other smaller growers. Option 10B appears to provide a more acceptable alternative in going a substantial way to providing additional incentive to plant breeders in Australia, while permitting some growers, particularly many farmers, to retain their own propagated material for personal use in conditioning and reproduction, albeit with the additional downside over Option 11 of having to set and police a level of exemption.

Whether Option 10B or 11 is adopted, there would be new administrative requirements.

In promoting Option 10B, FICPI Australia has taken no account of the International Treaty on Plant Genetic Resources for Food and Agriculture, as it has no direct knowledge or experience of this treaty.

It will be understood from the above that FICPI Australia does not support Option 10A. As anticipated in the Options Paper, changes to the provisions along the lines suggested would appear to introduce further uncertainty and subjectivity.

It has also been submitted to us that section 17 needs to be amended to explicitly identify the scope of protection afforded by the section. In particular, the section should clearly specify what use can be made by the grower of the "product" reproduced from the retained propagating material. The section is considered not to do this in its present form. This is of particular importance where the relevant propagating material is a grain or seed, so that the legitimately reproduced material (under the exemption granted by section 17) is itself both further "propagating material" and "harvested material" (see our submission under 3.2 in this respect). Implicit in this submission is some question about the conclusions reached on section 17 by the Court in *Cultivaust*, as expressed under 3.3.1 of the Options Paper.

#### **3.4 FARMER'S PRIVILEGE AND ASEXUALLY PROPOGATED TAXA**

The Options Paper offers the following further options in relation to section 17:

- Option 12:** No change
- Option 13:** Change the title of s.17 to 'Conditioning and use of user produced propagated material does not infringe PBR'.
- Option 14:** Change s.17 to be restricted to 'sexually propagated taxa'

FICPI Australia supports Option 13. Clearly, the title to section 17 and the section itself need to be aligned so as to avoid confusion, and Option 12 is therefore not appropriate in our view. We cannot see any real basis in the Options Paper for restricting section 17(1) to 'sexually propagated taxa' as proposed in Option 14. However, even if it were appropriate to limit the exemptions offered by section 17(1), this can be achieved under Option 13 by a declaration in the regulations under section 17(2).

While declaring in the regulations that the exemption offered by section 17(1) does not extend to certain taxa, rather than in the section itself, may have the disadvantage of not addressing directly inherent misunderstanding about the exemption and the resulting litigation and compliance costs (see the discussion under Option 12 in the Options Paper), we consider the advantage of flexibility in being able to more readily amend the regulations outweighs the disadvantage.

Supporting Option 13 goes hand-in-glove with our support for Option 10B above. None of these options would be necessary if the provisions of section 17 were removed altogether, in accordance with Option 11.

It has been suggested to us that, in view of the wording of section 17(1), the proposed new title should read, in part, "... user produced propagating material ...", and FICPI Australia supports this further change. The term 'propagated' may be considered rather broader than 'propagating', and full consistency between the title and the section is preferred.

### **3.5 ESSENTIALLY DERIVED VARIETIES**

The Options Paper offers the following options in relation to sections 12 and 40 and associated provisions:

- Option 15:** No change to the EDV provisions of the PBR Act
- Option 16:** Enable EDV declarations to be in respect of any variety
- Option 17:** Enable applications for EDV declarations to be made prior to grant of the original variety

FICPI Australia supports Option 16, the enabling of EDV declarations to be made in respect of any variety, whether or not the subject of PBR, as accepted by the Government, not Option 15. This should increase the number of EDV declarations since they could no longer be avoided by the developers of EDVs not seeking PBRs. We have no comment on the questions concerning which body should administer the declarations of EDVs in these circumstances and whether the appropriate remedy would continue to be to extend the rights on the original variety to the derived variety.

We do not support Option 17 for the reasons set out in the Options Paper. However, an acceptable alternative would be to allow pre-grant damages or an account of profits, similar to these provisions in other IP Acts such as the Patents Act 1990. Although there is no official earlier publication from which to date such pre-grant entitlement, by definition the EDV must have been copied from the original plant material and the start date for the pre-grant damages or account of profits may be the copying start date. This would need to be clearly defined.

The Options Paper has also offered options relating to the detail of the PBR Act as it relates to the extension of rights to EDVs:

- Option 18:** Remove the test for 'important features' in s.4(c)
- Option 19A:** Remove the words "as distinct from cosmetic" from s.4(c)
- Option 19B:** Replace "cosmetic" with "of no commercial value"
- Option 19C:** Remove the words "as distinct from cosmetic" and define "important features" in s.3
- Option 20:** Transfer the administrative EDV declaration system to the courts or other body
- Option 21:** Improve the PBRO's ability to make determinations on EDV
- Option 22:** Develop benefit sharing arrangements

FICPI Australia has no detailed knowledge on the provisions of the PBR Act associated with EDV, and therefore offers no comment on these options.

### 3.6 EXHAUSTION OF PBR

The Options Paper offers the following options in relation to section 23:

- Option 23:** No change to the provisions on exhaustion of PBR
- Option 24:** Clarify the meaning of s.23

FICPI Australia notes that there have been very few decisions before the Courts in Australia on the interpretation of section 23, and that the ACIP view of Cultivaust<sup>2</sup> is that it appears to restrict the ability of PBR owners to seek royalties further down the value chain even when section 17 does not apply. However, another view that has been presented to FICPI Australia is that Cultivaust does not express a view on the collection of royalties down the chain, and that the imposition of end point royalties, whilst administratively difficult and cumbersome to implement, is simply a matter of contract. Thus, section 23 has been read as 'subject to any contrary agreement' between the parties.

It is clear from this that there is disagreement over the interpretation of section 23. As a result, FICPI Australia supports Option 24 in so far as it extends to seeking opinions from the Australian Government Solicitor and/or an expert panel. A decision on amending the section could then be made in the light of such opinions.

### 3.7 LACK OF CLARITY

The Options Paper offers the following options in relation to the meaning of terms and sections of the PBR Act:

- Option 25:** No changes to the meaning of terms and sections of the Act

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<sup>2</sup> Cultivast Pty Limited v Grain Pool Pty Limited [2005] FCAFC 223 at 6

**Option 26:** Clarify the meaning of particular terms in the Act

FICPI Australia supports Option 26, not Option 25.

In our view, the lack of clarity of various terms and sections of the Act must be addressed. This is affirmed by the Full Federal Court decision in *Cultivaust*, where the following statement was made:

*Such convoluted language indicates the difficulties that arise when 'plain English' is employed in legislation.*

An expert panel drawn widely from various fields (agriculture, horticulture, seed industry etc), possibly in conjunction with the Australian Government Solicitor, should be tasked with considering the clarification of various terms to ensure that the terms are reasonable for all users of the PBR system. Such an expert panel may have regard to external guidance, including from organisations such as CIOPORA and from the corresponding provisions in other countries and regions.

### **3.8 PRE-GRANT ENFORCEMENT**

The Options Paper offers the following options in relation to pre-grant enforcement under the PBR Act:

**Option 27:** No change to the pre-grant enforcement provisions

**Option 28:** Provide PBR applicants with the right to begin infringement action pre-grant

FICPI Australia supports Option 27, not Option 28.

We believe that the right to begin an action or proceeding for infringement of a right, in this case PBR, which is not yet granted is at odds with the principles of the Australian legal system, particularly of other IP regimes such as patents and designs. There is a restricted common law right of action in relation to unregistered trade marks, but this is an entirely different philosophy.

If a pre-grant infringement right were adopted for PBRs, there may well be cases in which irreparable damage is done to an alleged infringer when the right is ultimately not granted, particularly as the PBR Act contains criminal sanctions.

Further, we would be concerned that adopting a pre-grant infringement right may be inconsistent with Article 13 of the UPOV Convention, as well as with most other jurisdictions around the world.

However, see our comments above under 3.5 in relation to damages accruing pre-grant for essentially derived varieties.

More generally, it is felt that a further improvement to the PBR Act would be to permit a licensee to initiate enforcement proceedings as in the Patents Act 1990 and in other IP

legislation. Many grantees of Australian PBRs are foreign persons who have exclusive licence arrangements with Australian companies, but the PBR Act only allows for the PBR holder to initiate proceedings.

#### **4 FEDERAL MAGISTRATES COURT**

The Options Paper offers the following options in relation to the PBR Act and the FMC:

- Option 29:** No change to jurisdiction of the Federal Magistrates Court
- Option 30:** Extend the jurisdiction of the Federal Magistrates Court to PBR
- Option 31:** Simplify expert evidence procedures in the FCA and/or the FMC

FICPI Australia has previously supported ACIP's proposals to extend the jurisdiction of the FMC to IP matters, and has been pleased to note the Federal Government's move to do so in respect of trade mark and design matters. FICPI Australia has always recognised that the FMC is only appropriate for certain matters and/or parties, particularly actions involving smaller amounts of damage and/or parties more willing to accept the less formal structure of the FMC. It is believed that exactly the same arguments apply to actions involving PBRs, and FICPI Australia therefore supports Option 30, not Option 29.

It is recognised that the Magistrates of the FMC currently lack the experience and skills in dealing with issues under the PBR Act necessary for the effective and efficient disposal of such matters. However, the same was true when the Federal Government extended the jurisdiction of the FMC to trade mark and design matters. The Magistrates of the FMC are highly skilled practitioners with significant expertise, and we are confident they would quickly acquire the experience and skills to deal with PBR matters if the jurisdiction of the FMC were extended to cover them.

Since FICPI Australia first supported ACIP's proposal to extend the jurisdiction of the FMC to IP matters, initiatives of the Federal Court, such as the Fast Track List, have been trialled to address issues of excessive discovery and high pre-trial costs. It is understood that actions under the PBR Act fall within those matters that can be entered on the Fast Track List and this should certainly result in the FCA dealing with PBR matters more efficiently as well as potentially at lower cost to the rights holder. Nevertheless, we do not see any major downside to extending the jurisdiction of the FMC in parallel to these initiatives.

FICPI Australia also supports the moves proposed in Option 31 to simplify expert evidence procedures in the FCA and/or the FMC. Adopting a simplified process for proving infringement, to be applied automatically in every case, would minimise the costs associated with the parties disputing the process to be used, while retaining the court's discretion to order an alternative process where appropriate, would ensure that flexibility is retained for the court to follow the most appropriate processes for a given situation and/or to take advantage of developments in DNA testing and other technologies.

More generally, the view has been presented to FICPI Australia that the problem with any PBR enforcement action is that the costs have always outweighed the pecuniary remedies (including costs recovery on scale). In view of this it is clear that the cost of mounting an



enforcement action needs to be substantially reduced. In the meantime, and until other problems with the PBR Act discussed in the Options Paper and in these submissions are resolved, developers of new plant varieties are likely to rely on patent rights in parallel with, or even in preference to, PBRs even though the patent rights have a maximum term of 20 years and are not available in every overseas country.

In this respect, in response to ACIP's Innovation Patent Review – Plant and Animal Subject Matter, FICPI Australia supported the extension of the innovation patent system to encompass both plant and animal subject matter. In the present context, this would mean that developers of new plant varieties would be entitled to patent protection even though their development may not meet the requisite level of inventiveness for standard patent protection. Protection under the innovation patent system is fast, although for a maximum term of only 8 years. A copy of our letter of 12 September 2002 to ACIP is attached to this submission.

## **5 ALTERNATE DISPUTE RESOLUTION (ADR) AND PBR**

The Options Paper offers the following options in relation to ADR:

**Option 32:** No change to ADR processes

**Option 33:** Register of mediators with PBR and plant breeding expertise

FICPI Australia supports the availability of ADR in proceedings relating to any IP matter, including PBRs, particularly if they are initiated early in the proceedings before large costs have been incurred. This would assist misunderstandings of the law and other misconceptions to be resolved early on.

We also support the extension of the ADR process proposed in Option 33 since this may involve in the process individuals who are known and respected by one or both parties to the proceedings.

FICPI Australia is not in a position to recommend who would be best placed to administer a register of PBR and plant breeding experts.

## **6 CRIMINAL SANCTIONS AND PBR**

The Options Paper offers the following options in relation to criminal sanctions, that is criminal actions initiated by the Government under the PBR Act:

**Option 34:** No change to the criminal sanctions of the PBR Act

**Option 35:** Request the AFP and DPP to give PBR cases a higher priority

**Option 36:** Extend the jurisdiction of PBR matters to the State police and DPPs

FICPI Australia supports both Options 34 and 35. Simply because a sanction has not been used is not a good reason for removing it. It appears to be the desire of the majority of respondents to ACIP's Issues Paper that the criminal sanctions within the PBR Act be retained since they act as a deterrent even though they have not been used. Such a deterrent would be

reinforced if the Government initiated a criminal sanctions case in appropriate circumstances, and the DPP and AFP should therefore be requested to give PBR cases a higher priority. However, ultimately, the PBR industry may need to lobby the Government persistently to achieve this outcome, for example through a central information and collective peak body such as that discussed in Chapter 10 of the Options Paper.

FICPI Australia does not see any advantage in transferring responsibility to or sharing responsibility with the State Police and DPPs for pursuing actions under the PBR Act.

## **7 ACQUISITION OF EVIDENCE**

The Options paper offers the following options in relation the acquisition of evidence in PBR cases:

- Option 37:** No change
- Option 38:** Introduce a system based on the UK Information Notice
- Option 39:** Introduce a system based on the French saisie order

FICPI Australia has no direct knowledge in relation to the acquisition of evidence in PBR cases. However, it does appear from the submissions to ACIP that some change is required. Combining the best features of Options 38 and 39 appears to provide the best outcome. We do not support statutory rights of inspection or reversing the onus of proof.

## **8 CUSTOMS PROVISIONS FOR PBR**

The Options Paper offers the following options relating to the seizure of goods that allegedly infringe PBRs:

- Option 40:** No change
- Option 41:** Introduce PBR seizure powers for Customs based on the notice system used for trade marks
- Option 42:** Introduce PBR seizure and destruction powers for Customs based on the European system

FICPI Australia supports Option 41, not Option 40, with the possibility of introducing Option 42 once the relevant procedures under Option 41 have been established and well used.

Since PBR materials must be declared and inspected on entry in to Australia, with the appropriately detailed paperwork, there should be no difficulty in initially identifying imported PBR material and, in some cases, recognising it as PBR infringing material. There may need to be a requirement with some importations to increase the level of detail of the characteristics of the plant material given in the importation paperwork, for example when importing low risk materials or from low risk countries such as New Zealand, for which currently only general information is provided.

It is accepted that Customs will not immediately have the skills to identify all infringing plant material, especially in the case where DNA profiling and other specialised techniques are required to determine characteristics of the plant material. Customs officers would need training by PBR owners and could be supported by other experts, such as Qualified Persons. Using a DNA marker would clearly be advantageous.

## **9 EXEMPLARY DAMAGES**

The Options Paper offers the following options in relation to the possibility of extending exemplary damages to PBRs:

**Option 43: No change**

**Option 44: Introduce exemplary damages provisions**

FICPI Australia supports Option 44, not Option 43. Exemplary damages may provide a further deterrent to infringement, particularly wilful or flagrant infringements. It is noted that provisions for exemplary damages have recently been introduced to the Patents Act 1990.

## **10 CENTRAL INFORMATION AND COLLECTIVE PEAK BODY**

### **Question Q1**

*What role should Government play in this area? Should the Government facilitate the plant breeding industry in developing one or more models of collective/peak bodies?*

FICPI Australia has no direct knowledge in relation to this question, but it would appear that a central body that collects royalties on behalf of members and can enforce PBR rights on behalf of owners may be advantageous to the PBR industry, in the same way that central bodies have been successfully used for Copyright works.

## **11 EDUCATION AND AWARENESS**

FICPI Australia has no particular knowledge or expertise in this area and offers no comment on Question Q2 or Q3.

## **12 STANDARD CONTRACTS**

FICPI Australia has no particular knowledge or expertise in this area and offers no comment on Question Q4.

## **13 END POINT ROYALTIES**

FICPI Australia has no particular knowledge or expertise in this area and offers no comment on Question Q5, Q6 or Q7.


The Options Paper offers the following options under this Chapter in relation to the provisions of the PBR Act dealing with mendacious declarations of PBR protected varieties:

- Option 45:** No changes to infringements and offences under the PBR Act in regards to identification of protected varieties
- Option 46:** Amend the PBR Act so that mendacious variety name declaration is an infringement of PBR

FICPI Australia supports Option 46, not Option 45. Making misdescription of a variety name an infringement and/or a criminal offence should reinforce the importance of PBR to infringers and potential infringers.

I trust you will find these comments to be of value. We would be happy to answer any questions you may have and to attend further discussions if these would be useful.

Yours sincerely,  
**FICPI AUSTRALIA**

A handwritten signature in black ink, appearing to read 'P 222' followed by a long horizontal stroke.

**PETER HUNTSMAN**  
President



**THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS  
FICPI AUSTRALIA**

12 September 2002

Mr Jeff Roberts  
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Dear Mr Roberts,

Innovation Patent Review  
Plant and Animal Subject Matter  
Our Ref: NTB:PHH: GH:GF39215:GF39257

I refer to Owen Malone's letter of 2 July 2002 and Peter Huntsman's telephone conversation with you on 6 September 2002, and thank ACIP for the opportunity for FICPI Australia to make representations on this topic.

FICPI Australia is an Australian association of a parent international body – FICPI (Fédération Internationale Des Conseils En Propriété Industrielle). FICPI members are Intellectual Property advisers and practitioners who work in private practice for many clients (but not for only one client). Accordingly, FICPI members represent the "free" profession. FICPI works with international bodies and various patent offices to monitor and enhance the intellectual property system and IP protection and enforcement procedures generally.

Members of FICPI Australia therefore act for and are well attuned to the needs of the developers of intellectual property and of the users of the IP systems in Australia.

FICPI Australia is strongly of the view that there is no logical reason why plant and animal subject matter has been excluded from the scope of protection available under the innovation patent system and that protection for both should be available under this system. The innovation patent system applies to all other areas of patentable subject matter including methods of treating diseases, pharmaceuticals and their uses and biotechnical treatments and developments. We are not aware of the nature of the concerns which brought about the exclusions to the innovation patent system and why it was plant and animal subject matter that was singled out. However, it is FICPI Australia's view that any social or other concerns should be addressed, where necessary, by targeted schemes rather than by incorporating restrictions in the patent legislation.

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The gap caused in IP protection by the exclusion of plant and animal subject matter from the innovation patent system is considered to present a problem, particularly to Australian SMEs, the very group that the innovation patent system was intended to help.

Under the present regime, researchers and developers of plant and animal subject matter have the option only of seeking protection for their work by the standard patent system and/or by way of Plant Breeder's Rights (PBR). The standard patent system can provide a monopoly for work that is inventive for up to 20 years, but has the disadvantage of being relatively slow to obtain grant and that some useful new advances are not entitled to a patent grant because they are considered insufficiently inventive. On the other hand, the PBR system has the major disadvantages to a developer of plant and animal subject matter that the PBR monopoly does not extend to the commercial use of seed harvested by farmers from PBR protected plants or to processes associated with the plant and animal subject matter.

Extending the innovation patent system to plant and animal subject matter would enable enterprises in this field to choose to obtain at least the same broad monopoly as is available under the standard patent system, for the potentially shorter term of 8 years, but more quickly. Such a choice is available to researchers and developers in all other fields of innovation to which the standard patent system applies. Prompt granting and certification of an innovation patent enables the patentee to take action for infringement earlier than with a standard patent.

Additionally, of course, extending the innovation patent system to cover plant and animal subject matter would also enable researchers and developers in this field to obtain protection for developments that are not susceptible to protection under the standard patent system because they are insufficiently inventive. Since innovation patents are published on grant, permitting protection by this route may bring innovations and inventions to the attention of the public, particularly other Australian researchers and developers in the field, that would not otherwise be published.

No national benefits are seen for excluding plant and animal subject matter from the innovation patent system. The only advantages would appear to accrue to users of the development, who do not have to pay appropriate compensation for the use if no standard patent protection has been obtained. The result of this is that less reward is available for the research and development effort and that less research may be conducted.

The issue of patent protection in Australia for overseas originating developments is not believed to be particularly relevant to whether or not plant and animal subject matter should be able to be protected by the innovation patent system. This is because very few other countries have a patent system that grants monopolies for developments of a lower inventive threshold than is applied to standard patents. Thus, any development overseas that is the subject of a patent application overseas is likely to be protected in Australia by way of a standard patent. Furthermore, it is unusual for patent protection to be sought overseas if it is not available where the development was made.

Extending the monopoly right under the innovation patent system to cover plant and animal subject matter is believed to be unlikely to affect non-IP right holders in a significant way. This is because patent protection would in any event only be available for subject matter that is new and at least innovative.

I trust you will find these comments of value in your deliberations, but we shall be happy to provide additional specific comments if desired or to participate in seminars, consultations and/or other discussion on the topic.

Yours sincerely

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