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The International Treaty

ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE



Item 6 of the Draft Provisional Agenda

FOURTH MEETING OF THE *AD HOC* ADVISORY TECHNICAL COMMITTEE ON THE STANDARD MATERIAL TRANSFER AGREEMENT AND THE MULTILATERAL SYSTEM

Rome, Italy, 6-7 October 2012

COLLECTION, CONSERVATION AND DISTRIBUTION THROUGH THE SMTA OF SAMPLES OF PLANT VARIETIES PROTECTED BY PLANT BREEDER'S RIGHTS¹

I. INTRODUCTION

1. The Terms of Reference established by the Governing Body at its Fourth Session stipulates that:

the Ad Hoc Advisory Technical Committee will advise the Secretary on implementation questions raised by users of the Standard Material Transfer Agreement and the Multilateral System, which the Secretary brings to their attention on the basis of questions addressed and forwarded to the Secretary by Contracting Parties, international centres having signed agreements with the Governing Body under Article 15 of the Treaty and other users of the Standard Material Transfer Agreement.

2. This document contains a question received by the Committee from one of its members during its third meeting in June 2012 and, at the invitation of the Committee, re-submitted in writing to the Secretariat. The document also provides some elements of analysis to facilitate the Committee's appraisal.

II. THE QUESTION

3. Can a genebank collect, conserve, and distribute samples of plant varieties protected by plant breeder's rights (PBRs), without the right holder's consent, using the Standard Material Transfer Agreement (SMTA), in the jurisdiction where the PBRs apply and in other jurisdictions?

4. The proponent of the question reports that a number of protected varieties represent diversity that genebanks might want to include in their collections and distribute. However, with the possibility of being charged by right holders for infringement of their PBRs, genebanks refrain from adding the material to the collection.

¹ In accordance with the request of the *Ad Hoc* Technical Advisory Committee, and the Terms of Reference established by the Governing Body, this document was prepared for the exclusive purpose of facilitating the Committee's deliberations. Any opinion or position expressed in the document is not to be attributed to the Secretariat of the International Treaty on Plant Genetic Resources for Food and Agriculture.

III. RELEVANT PROVISIONS OF TREATY AND SMTA, 1978 AND 1991 UPOV CONVENTIONS

Treaty and SMTA

5. The Treaty (and the SMTA) provide that recipients undertake to use or conserve accessed plant genetic resources for food and agriculture (PGRFA) only for the purposes of research, breeding and training for food and agriculture. Such purposes shall not include chemical, pharmaceutical and/or other non-food/feed industrial uses (Article 12.3a) of the Treaty; Article 6.1 of the SMTA).
6. The Treaty (and the SMTA) also prescribe that PGRFA in the Multilateral System shall be made available “free of charge, or, when a fee is charged, it shall not exceed the minimal cost involved” (Article 12.3b) of the Treaty; Article 5a) of the SMTA).

UPOV 1978 Convention

7. According to Article 5(1) of the UPOV 1978 Convention, the effect of the right granted to the breeder is that his prior authorisation shall be required for: a) the production for purposes of commercial marketing; b) the offering for sale; and c) the marketing of the reproductive or vegetative propagating material, as such, of the variety.
8. Article 5(3) states that the authorisation by the breeder shall not be required either for the utilisation of the variety as an initial source of variation for the purpose of creating other varieties or for the marketing of such varieties.

UPOV 1991 Convention

9. Article 14 of the UPOV 1991 Convention states that the following acts in respect of the propagating material of the protected variety shall require the authorization of the breeder: a) production or reproduction (multiplication); b) conditioning for the purpose of propagation; c) offering for sale; d) selling or other marketing; e) exporting; f) importing; and g) stocking for any of the above purposes. For these acts, the breeder may make his authorization subject to conditions and limitations.
10. Such authorization by the breeder is subject to the provisions of Article 15 of the Convention, which deals with exceptions to the breeder’s rights. Compulsory exceptions (meaning, exceptions that are mandatory for UPOV 1991 Member Countries to reflect in their domestic legislation) apply to: a) acts done privately and for non-commercial purposes; b) acts done for experimental purposes; and c) acts done for the purpose of breeding other varieties (the so called “breeder’s exemption”).
11. An optional exception for UPOV 1991 Member Countries is the so-called “farmers’ privilege”. Within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, Countries may restrict the breeder's right in relation to any variety in order to permit farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety, an essentially derived variety and a variety which is not clearly distinguishable.
12. The UPOV 1991 Convention deals with the issue of exhaustion of right. In terms of Article 16, the breeder's right shall not extend to acts concerning any material of the protected variety, which has been sold or otherwise marketed by the breeder or with his consent in the territory of the UPOV Member Country concerned, or any material derived from the said material, unless such acts: a) involve further propagation of the variety in question; or b) involve an export of material of the variety, which enables the propagation of the variety into a country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported material is for final consumption purposes.

IV. PRELIMINARY OUTLINE OF POSSIBLE ISSUES FOR CONSIDERATION

13. The overall question is whether the following acts, conducted by a genebank, require permission from the right holder under UPOV 1978 or 1991: a) conserving and regenerating protected varieties; and b) distributing samples of the varieties for the purposes set out in the SMTA, in jurisdictions where the PBRs apply.

14. A corollary of the overall question is to assess whether the range of activities that are permitted under the SMTA correspond in scope to those for which permission is not required under UPOV 1978 or 1991 respectively.

1978 UPOV Convention

15. The specific issues that may be addressed in relation to the 1978 UPOV Convention include the following. Related to Article 5(1), the issue is whether the genebank is “producing for the purposes of commercial marketing”, or “offering for sale” when it collects, conserves, regenerates and distributes small quantities of PGRFA for the purposes set out in the SMTA and charging “minimal costs involved”.

16. Reportedly, some genebanks have been under pressure to raise the fees they charge to try to cover a larger proportion of the overall costs of the maintenance of the collections.² Thus, the issue for consideration is as to whether charging such fees would not convert those acts into “commercial marketing”.

17. Related to Article 5(3), an issue to be examined is whether the genebank’s actions would constitute “utilisation of the variety as an initial source of variation for the purpose of creating other varieties or for the marketing of such varieties”. The genebank would not itself be doing the breeding anticipated by Article 5(3), but it would be facilitating that use of the protected germplasm by others, by conserving and distributing the germplasm under the SMTA. The issue would then be whether the Article 5(3) exemption extends upstream to cover the actions of the genebanks who are providing germplasm to third parties who would be using it for the exempted purpose in Article 5(3).

1991 UPOV Convention

18. A preliminary issue to be considered relates to exhaustion of right pursuant to Article 16 of the 1991 UPOV Convention. In cases where the genebanks collects the protected variety by purchasing it on the open market, it could be claimed that the breeder’s right is exhausted and such right would not extend to any subsequent act, including the conservation and regeneration of the protected variety, and its distribution under the SMTA. However, another issue to consider in this context would be whether those acts imply, or have the potential of leading, to further propagation of the protected variety, or export of material of the variety which enables the propagation of the variety into a country which does not protect it. In those cases, the exhaustion of the breeder’s rights could not be claimed.

19. Under the 1991 UPOV Convention, two of the acts which require the permission of the right holder are practically identical to those required by the 1978 UPOV Convention, that is, offering for sale, and selling or marketing. Then, the same issues pointed out above would be relevant.

20. However, the list of acts requiring permission pursuant to Article 14 of the 1991 UPOV Convention is more detailed, and includes some actions that seem to relate to the typical functions of a genebank, most particularly, production and reproduction, exporting, importing and stocking for any of these purposes. Based on this language alone, one might reasonably consider that regenerating and saving seed, and sending it outside of the country might require the right

² A question concerning the charging of fees is being forwarded to the Committee in the document IT/AC-SMTA-MLS 4/12/ 8, *Miscellaneous questions*.

holder's permission in the country where they are operating (assuming that is the jurisdiction where the right applies).

21. Importantly, however, Article 15 – the breeder's exemption – becomes relevant. The genebank's actions may usually not be considered "private". However, the germplasm distributed under the SMTA by the genebank would be used by recipients for "experimental purposes" and/or for the "purpose of breeding other varieties". Since it is not the genebank that performs the breeding or experimenting, but recipients to whom it distributes PGRFA using the SMTA, the question posed *vis-à-vis* Article 5(3) of the 1978 UPOV Convention would be pertinent to this context: does the Article 15 exemption apply to upstream genebanks supplying germplasm to third parties who use it for the exempted purposes?

IV. ADVICE SOUGHT

22. The Committee is invited to consider the question, in the light of the issues described in this document and any other issue that it may deem significant.

23. Taking into account the relevance of the UPOV Conventions, the Committee may, if it considers it necessary, also wish to request that the Secretariat of the International Treaty approach the Secretariat of UPOV to seek the latter's opinion on the matter, for the subsequent consideration by the Governing Body at its Fifth Session.