

# **South African Institute of Intellectual Property Law (SAIPL)**

## **Comments on the Draft Plant Breeders' Rights Bill, 2015**

The South African Institute of Intellectual Property Law (SAIPL) was established in 1952 and represents some 164 patent attorneys, patent agents and trade mark practitioners in South Africa who specialise in the field of Intellectual Property Law. The members typically represent law firms, but also include corporate law advisers and members of academia. SAIPL is an important body for the promotion and regulation of Intellectual Property in South Africa and it has always had close ties with the Law Society of South Africa, with which it is affiliated, as well as with the various relevant Government departments. Further information may be found on SAIPL's web site, which is [www.saiipl.org.za](http://www.saiipl.org.za).

Members of the SAIPL represent and assist local and foreign clients with the filing, maintenance and enforcement of Plant Breeders' Rights (PBRs) in South Africa.

### 1. Sections 51 and 52: Offences and Penalties

1.1 Sections 51(3) and 52(1) as proposed, we submit, are fundamentally flawed and out of kilter and in conflict with fundamental human and constitutional rights, national and international intellectual property legislation. These Sections could result in the prosecution of poor sustenance farmers who at first glance appear to infringe PBR registrations (for example by selling farm-saved seed), but who do not have the financial resources to defend an action for infringement. This would result in these farmers potentially being guilty of an offence. The proposed provisions relating to "own use" (Section 10(2)) are insufficient to come to the assistance of these farmers who have a tradition of sharing seed inside of a community and this could in some cases be regarded as commercialisation of seed.

1.2 As will be pointed out below, Section 52 merges the bounds between public and private law, by criminalising the infringement of a private law right in the form of a PBR registration, placing an undue burden on the State and the Registrar of Plant Breeders' Rights to police and enforce private intellectual property rights through the criminal prosecution system.

1.3 Whereas in the past, the statutory maximum damages payment of R10,000 accrued to the PBR holder in compensation for infringement, any fine now accrues to the state. This undermines the object

of the Act and the rights of the PBR holder.

1.4 The criminalisation of the infringement of intellectual property rights, in the form of plant breeder's rights is a concept that is foreign to South Africa and, we submit, is not justifiable. The TRIPS agreement requires the criminalisation of very specific cases of copyright infringement (piracy) and trade mark infringement (counterfeit goods) and these are included to combat organised crime and does not require the criminalisation of other IP rights, such as designs, patents or plant breeders' rights. There is thus a requirement of some form of fraudulent intent. In particular, wilful and fraudulent copyright infringement (direct infringement) constitutes a crime. No such distinction is made in the proposed section 52(1). In any event, criminalisation is limited: the infringement must have been made knowingly and on a commercial scale. The reason for such criminalisation is that there is usually an element of fraud involved, which is, in any event, a common law crime. Our legislature has chosen NOT to criminalise patent or design infringement and there is no justification to criminalise infringement of PBRs

1.5 It is not a prerequisite to criminalise PBR infringement in order to have effective PBR protection in South Africa. It is not the responsibility of the State to enforce the private intellectual property rights of South African citizens and foreign entities, but the responsibility of PBR holders themselves to do so through civil law process. It appears that Section 52(1) foresees a dual process namely a civil process in terms of Section 33 and a criminal process in terms of Section 52. This could lead to a PBR holder merely laying a charge of PBR infringement with the police and sitting back whilst the State conducts the criminal prosecution, with the State thus effectively enforcing the PBR right on behalf of the PBR holder. This is not the end of the matter. Proposed Section 46 will now have to be implemented in each case of PBR infringement, if PBR infringement is criminalised. The registrar is thus effectively charged with policing PBR infringement. All a PBR holder needs to do is to submit an affidavit that there is prima facie evidence of PBR infringement by a party and request the registrar to obtain and execute a warrant in terms of Section 46. This will place an undue burden on the registrar and officers to be appointed by the registrar in terms of Section 46.

1.6 No account has been taken of the fact that these prosecutions will have to be undertaken by prosecutors who may not have any knowledge of the subject and heard by magistrates who do not have the experience to decide such cases.

1.7 The fundamental flaw in section 52(1) is exposed in instances where the PBR registration is infringed, but invalid. If an infringer does not have financial resources to successfully attack a PBR

registration, he/she could be convicted of a crime and be jailed for 10 years whilst the PBR registration he is infringing is in fact invalid. This would also be the case, for example, where the PBR holder has stolen the plant material from the infringer, registers the PBR in respect thereof and then institutes criminal proceedings against the infringer based on the PBR registration. The PBR infringer is thus jailed instead of the PBR holder, merely because the infringer is not in a financial position to fund the cost of successfully attacking the PBR registration.

1.8 To take this example further, what if the alleged infringer does have the financial resources, but there is a dispute of fact and uncertainty as to the validity of the PBR registration or whether a variety is essentially derived or not. Practise has shown that these issues are not always clear cut and to incarcerate a person merely on interpretation based on the conflicting view of expert witnesses would be draconic and far reaching. If the court finds in favour of the infringer that the PBR registration is invalid, he stays out of jail, but if the court confirms the validity of the PBR registration, he/she is jailed for 10 years. The criminality or not of an infringing action is thus dependant on the validity or not of a PBR registration and the interpretation of concepts such as commercialisation and essential derivitisation.

1.9 Section 33 prohibits the PBR holder from instituting an action against an infringer for damages pending an objection or appeal. It does, however, not prevent the PBR holder from instituting criminal proceedings whilst an objection or appeal is pending. This could have the ghastly result that a person could be criminally prosecuted for PBR infringement, whilst an objection is pending. Such a person could, where the objection is delayed for some reason (appeals), be found guilty and sentenced to 10 years imprisonment, whereas the outcome of the objection could ultimately be that the PBR registration is invalid.

1.10 Section 12(1) of the Constitution of South Africa states that:

*“Everyone has the right to freedom and security of the person, which includes the right not to be deprived arbitrarily or without just cause.”*

1.11 In determining whether or not depriving a person from his freedom is arbitrary and with a just cause or not, one has to ask whether or not the reason for the deprivation of freedom is acceptable (*The Bill of Rights Handbook Fifth Edition Currie & De Waal p294*). It is respectfully submitted that

depriving a person from his freedom, whether it be for one day or 10 years as contemplated in Section 52(1), on the basis of PBR infringement, is not an acceptable reason, particularly if one compares it with the situation in the rest of the world. In particular, if a person's freedom is dependent on something as arbitrary as the validity of a PBR registration or interpretation as to whether or not a variety is essentially derived, it becomes clear that Section 52(1) is unconstitutional. The resultant effect is that the registrar's decision, who in the first instance decides on the validity of a PBR registration, determines whether or not a person is incarcerated.

1.12 In light of the above, it is evident that the entire concept of the criminalisation of PBR infringement as it is currently framed is fundamentally flawed in law and is to be removed from the Bill. There are other mechanisms that are constitutionally and legally sound that could be implemented, such as punitive or minimum damages in the event of wilful infringement of a Plant Breeder's Right.

## 2. Section 30: Payment of annual fee - Restoration

2.1 **Restoration** - Section 30 must be amended to make provision for the restoration of a lapsed application where the non-payment of a renewal fee was unintentional and the holder makes an application for restoration with no undue delay after becoming aware of the non-payment. SAIPL recognises the fact that the Department sends out reminders for the annual payment of a fee and in practice sends another reminder if payment is not received. Nevertheless, there are situations where, through no fault of the holder, the fee may not be paid: e.g. where a holder instructs a third party or their agent to pay the fee and the fee is not paid, or where reminders from the Department do not reach the agent.

2.2 Permissive wording used in relation to late payments falling within the mentioned three months post annuity deadline should instead be changed to mandatory wording. As the section currently stands, it appears that the breeder has a discretion to pay an amount double the amount of the missed annuity to avoid lapsing of the right, but be entitled to the relief in any event if he chooses to not exercise his discretion on the stated quantum. Alternative uses of the word "*shall*" and accompanying phrase "*in order to*" should disabuse any reader of any apparent ambiguity in the wording of the section in so far as it may disagree with the intent of the legislature this section.

## 3. Section 56: Transitional provisions and savings

Section 56(2)(b) appears to be in conflict with Section 56(2)(a) and the term "this Act" in Section

56(2)(b) should perhaps be replaced with the term “the 1976 Act”. The alternative interpretation is that applications pending prior to commencement of the new Act will be administered under the Old Act. Anything that occurs post-grant of such pending applications will be subject to the new Act. Some clarity is required.

#### 4. Section 53: Court Jurisdiction

4.1 Section 53 gives the Magistrate’s Court jurisdiction. Given the complexity of PBR cases and the high fines and sentences, it is not suitable to limit jurisdiction to the Magistrate’s court. The High Court should have jurisdiction.

#### 5. Original Section 31 (1976 Act): State may take over plant breeder's right

5.1 Section 31 of the 1976 Act has been omitted. Section 31 of the 1976 Act may become important for food security or in the public interest in the future and it is submitted that this section should be included in the Bill.

#### 6. Right to apply for a PBR

6.1 It is not clear who is entitled to apply for a PBR. This Bill does not make provision for “*persons who may apply for plant breeders’ rights*” as does Section 6 of the 1976 Act. This section needs to tie in with UPOV Act 1991 Art 4.

#### 7. Section 1: Definitions

7.1 The definition of “**Convention Country**” should be amended to “**Agreement Country**” to recognize Zimbabwe (which is not yet a member of UPOV) and South Africa’s agreement in terms of PBRs with this country.

#### 8. Section 13: Transfer of Plant Breeder’s Right

8.1 Licensees should be given notice of assignment.

8.2 The onus of informing the Registrar of an assignment should rather be on the assignee.

8.3 Section 13 should include a clause stating that “unless an assignment is recorded it shall not be valid, except as between the parties thereto”.

8.4 Section 13(2) does not contain a provision similar to provision 29(1)(b) of the 1976 Act, to the effect that it must be proved that notice of the transfer of a PBR has been served on every person licensed in respect of the PBR. It is suggested that a similar provision be inserted as it could have implications for a licensee and he should accordingly be informed of a transfer.

#### 9. Section 15: Varieties in respect of which plant breeders' rights may be granted

9.1 UPOV Act 1991 Art 6(2) provides for novelty in regard to varieties of recent creation, which should also be included in the Bill. I.e. in the case of a plant genus or species which was not previously included for protection by the PBR Act the novelty requirement will be satisfied even where the sale or disposal to others took place earlier than the time limits defined in 15(2)(a).

9.2 The current wording of Section 15(4) means that an applicant's own PBR application in another country will invalidate an application in SA, if the 1 year Convention deadline is missed. This clause is in conflict with clause 2(a) and must be amended as follows to comply with Article 7 of the 1991 UPOV Act:

“For the purposes of subsection (2)(b), the filing of an application for the granting of a plant breeder's right or for the entering of a particular variety in an official register of varieties of another variety, in any country, shall be regarded as rendering that other variety a matter of common knowledge with effect from the date of the application, provided that the application leads to the granting of a plant breeder's right or to the entering of said other variety in the official register of varieties, as the case may be.”

#### 10. Section 16: Application for grant of plant breeder's right

10.1 Section 16(4) – “application being returned to the applicant” is unclear. Should be replaced with “application being rejected”.

10.2 Section 16(5)(a) – there is no definition in Section 1 for “effective filing date”.

#### 11. Section 17: Priority and redating of applications

11.1 The meaning and requirements of Section 17(3) are unclear. This sub-section needs to be reviewed.

11.2 Sections 8(6)-(9) from the Act of 1976 have been omitted, and should be included.

12. Section 19: Rejection of application

12.1 Sections 11 (g) and (i) of the 1976 Act have been omitted. These sections should be retained.

12.2 The term “misrepresentation” is too onerous. It is not fair for a breeder to lose rights in the situation where he/she was not aware that an incorrect representation had been made or where the incorrect representation is not material. Should be amended to: “a material misrepresentation that the applicant was aware of at the time of filing the application”.

13. Section 21: Amendment of application

13.1 The requirement that the description of the variety may not be amended is too onerous. Provision should be made for the correction of obvious errors.

14. Section 23: Denomination of variety

14.1 The wording of section 22(1) should be redrafted to *“An applicant for the grant of a plant breeder’s right must propose a denomination complying with the prescribed requirements and which shall be examined by the Registrar and approved if the denomination so complies.”* The current wording does not reflect the true intention of the legislature.

15. Section 24: Amendment of denomination

15.1 There are situations where it is necessary to amend a denomination after grant. Section 24(3) should refer to “before or after the grant”.

16. Section 26: Examination

16.1 SAIPL recognises that the period of time for supplying plant material in terms of Section 26(2)(a) will be provided in the Regulations and will depend on the type of plant. In Section 26(2)(b) it is provided that this term may be extended, but only “for a period not exceeding the initial prescribed period”. Foreign applicants need to obtain a permit to import material, and then the material has to go through quarantine. On a number of occasions plant material has died in quarantine due to no fault of the applicant, and then the whole procedure must start again. Even if long periods of time for supplying plant material are provided in the Regulations, through no fault of the applicant it may be impossible to supply material within the extension period. We

respectfully submit that Section 26(2) should be amended to provide that it is possible to obtain further extensions of time “on good cause shown”.

17. Section 28: Grant of plant breeder’s right

17.1 It is assumed that the requirements for publication of grant will be dealt with in the Regulations. Nevertheless, it is suggested that Section 27 should at least mention that the Registrar must publish the grant of an application (see Section 20(2) of the 1976 Act.

18. Section 30: Payment of annual fee

18.1 The grace period should be extended from 3 to 6 months. 6 months is internationally accepted as a norm for a grace period for the payment of an annual fee. The grace period under the 1976 Act is 6 months, there is no rational for reducing this period to 3 months.

18.2 Under the 1976 Act, annuities fall due 1 January with a grace period of six months. If this bill is passed with annuities falling due in March, will the cases filed under the old act still fall due 1 January? If not, what provision for protection will be provided for the period between January and March once the act comes into force?

19. Section 46: Entering premises

19.1 The wording of section 46(6) is incorrect. This subsection allows the Registrar to search any premises, with consent from a PBR holder. This cannot be the intention of the Legislature. Please refer to Section 24A(6) of the 1976 Act, which (correctly) refers to a “person who is competent”.

This document has been compiled by the members of the SAIPL Plant Breeders’ Rights Committee:

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