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SUBMISSIONS IN RESPONSE TO TARGETED CONSULTATION PAPER – MODERNISING THE PLANT VARIETY RIGHTS FEES STRUCTURE

These submissions have been prepared by the New Zealand Institute of Patent Attorneys Inc. (NZIPA).

The submissions are made in response to the July 2021 Targeted consultation paper entitled 'Modernising the Plant Variety Rights Fees Structure'.

BACKGROUND

The NZIPA was established in 1912. It is an incorporated body representing most Patent Attorneys registered under the New Zealand Patents Act, and who are resident and practising in New Zealand. A significant majority of our members are registered as Trans-Tasman Patent Attorneys and/or Australian Trade Mark Attorneys.

The current membership of NZIPA comprises 170 Fellows, 3 Honorary, 8 Students, 10 Non-resident, 17 Associates and 2 Retired.

Patent attorneys operate in the global arena across all sectors of industry to assist businesses in their key markets and to use intellectual property (IP) systems for strategic advantage. Patent Attorneys are qualified to, and regularly advise on, all intellectual property rights including, but not limited to, patents, trade marks, designs, copyrights and, pertinent to the ongoing Plant Variety Rights Act 1987 review, plant variety rights.

Members of NZIPA provide real support to New Zealand's innovators through identification and enhancement of ideas, protection and commercialisation.

RESPONSES TO QUESTIONS IN THE CONSULTATION PAPER

Question 1 If PVR fees were to double or triple, would this deter you from using the PVR scheme?

The NZIPA is a representative body of Patents Attorneys, several of whom act as agents for PVR applications, and not a direct user of the PVR scheme

Question 2 If PVR fees were to double or triple, how long would it take for your business to recoup this investment?

Please see our answer to Question 1.

Question 3 If PVR fees were to double or triple, what effect do you think there would be on the usage by foreign breeders?

We consider that increasing the application costs is unlikely to deter foreign breeders from applying for Plant Variety Rights in NZ if they see it as a valuable market.

Question 4 Should the application fee be the same for all plant species? If not, why not?

The NZIPA agrees that the application fee should be the same for all plant species because the initial processing of applications does not vary much across different applicants the work involved in assessing an application does not vary much across applications. That approach would have the advantage of simplifying the current regime.

Question 5 Can you suggest a different approach from a flat application fee?

Please see our answer to Question 4.

Question 6 What is your view on introducing a tiered renewal fee to maintain a PVR grant, with the fee rising with the age of the grant?

The NZIPA agrees that a tiered renewal fee could be beneficial. A similar approach is used in other jurisdictions, and in New Zealand and elsewhere for other Intellectual Property rights, for example patents. A tiered renewal fee allows applicants to pay lower fees initially, while they are establishing the variety. If the variety is then commercially successful the applicant will be in a position to pay the later, higher fees. In addition, PVRs that are not in use may then not be maintained, because the higher cost over time may discourage renewal where there is no commercial benefit to the rights holder.

Question 7 Do you agree with the proposed tier levels of 1-5 years, 6-10 years, 11-15 years, and 15+ years? If not, why not?

We agree with grouping the fees into tier levels for greater simplicity.

Question 8 Alternatively, what would you suggest as tier levels?

Please see our answer to Question 7.

Question 9 Do you have a view on the plant variety categories for setting the fee structure of examinations and test trials?

The NZIPA does not have any comment on the proposed plant variety categories, but we agree with grouping variety groups that require similar level of resource and personnel time together.

Question 10 What is your view on giving the PVR Office the ability to charge a variable fee where initial examination determines that further specialist work is required?

The NZIPA does not support giving the PVR Office the ability to charge a variable fee. Such a change would introduce an unnecessary level of uncertainty for applicants. Furthermore, applications for varieties that are the first in their species to be tested in New Zealand would then attract higher costs due to the additional work required to set up a trial and upskill examiner, which would be unfair to that applicant. Future applicants would benefit from this additional work without bearing any of the increased costs.

When examiners are required to travel to different regions to examine plants outside of the standard DUS examination then we acknowledge it may be appropriate to charge the applicant for costs associated with this travel, provided the travel is directly related to DUS assessments and is prior agreed to by the applicant. For example, if plants in the cultivar centre are not suitable for DUS examination, but the applicant has plants elsewhere that could be used to complete the examination instead of awaiting a further round of growing trials, it may be beneficial for the plants located elsewhere to be considered.

If the applicant requests the PVR office to consider a characteristic that is outside the 'normal', then such an application could be subject to a higher, bespoke fee. But, if this type of fee was implemented, it must be clear to the applicant before applying (rather than after initial examination) what characteristics are measured as a matter of routine, and what characteristics the PVR office may charge extra for. Under such a regime, the characteristics the PVR office may charge extra for should be re-evaluated on a routine basis. For example, disease resistance may be an alternative characteristic for some varieties at present, but considered routine in a few years.

Finally, the NZIPA is unaware of any overseas office that imposes an hourly charge, or imposes a higher fee for varieties that are the first in their species to be tested. As such, the PVR office would be going out on a limb if they were to impose such a charge/fee.

Question 11 Can you suggest an alternative charging regime for specialised or time-consuming applications?

The NZIPA does not support applicants being charged extra for an application that is subsequently found to be time-consuming to examine, for the reasons set out in our answer to Question 10. If a particular variety group/category is known to take longer to examine, then the trial fees for that group/category could be set higher. In general, the PVR office should set fees at a level that takes into account that some applications may be more complex.

Question 12 If the trial fees charged by the PVR Office were to substantially increase, what other options for organising growing trials can you suggest?

Overseas test reports could be more widely used.

Question 13 What is your view on the ability of the PVR Office to charge you directly for costs occurred on your behalf, with no margin applied i.e. international exam reports, or specifically requested travel of the PVR staff?

We support the PVR office charging the applicant directly for costs incurred on behalf of the applicant, for example purchasing overseas DUS reports and specifically requested travel.

Question 14 What are the benefits that you regard as the most important from the grant of plant variety rights?

The NZIPA agrees with the wider benefits for New Zealand identified in paragraph 42 of the Targeted consultation paper. In addition, the PVR regime provides the following benefits:

- Promotes innovation and development of varieties suitable for use in NZ
- Allows unauthorised use to be stopped. Under the new Act, this will also include being able to prevent export of plant material.
- Providing protection for overseas breeders so they bring their varieties into NZ (for example, meet import and quarantine requirements).

Question 15 Besides PVR Office fees, what other costs do you consider when applying for a plant variety right?

Please see our answer to Question 1.

Question 16 If PVR protection is too costly for you or your business, what other mechanisms would you use to obtain a return on your investment in breeding or importing a new variety? (i.e. branding, first mover advantage, and contracts)

Please see our answer to Question 1.

Question 17 What is an equitable way to apportion the costs of establishing and operating the Committee?

The NZIPA considers the costs of establishing the Māori Plant Varieties Committee (MPVC) should be met by the Crown. The MPVC is required for the Crown to meet its obligations under Te Tiriti, and the MPVC will publish guidance that will be used by both PVR applicants and the wider community, including researchers, plant breeders, kaitiaki, iwi and hapu. Cost recovery principles mean that the extra cost of applications concerning taonga species should not be included in the fees for applications where the kaitiaki condition is not at issue. In addition, applying the costs for this extra consultation process to all applications may act as a deterrent for breeders to engage with the PVR system. But we understand the PVR register shows that only a small number of applications are made for taonga species. Given the expected costs of operating the MPVC, dividing those costs among the few applications that are likely to be made for taonga species each year is likely to result in prohibitively expensive fees.

The proposed PVR regime encourages engagement from breeders with the MPVC at the initial stages of breeding. Not all of these engagements will result in applications being made. Relying on application fees alone is unlikely to fairly allocate the costs. Careful consideration must be given to the timing and scale of fees relating to taonga species. We suggest that consideration be given to setting a fee for breeders to make an initial approach to the MPVC. This fee should, however, be set at a level that does not discourage engagement. If the fee is set too high, breeders may continue their work outside of the PVR regime, which could lead to breeding programmes that negatively affect kaitiaki interests, but without any of the protections offered by the proposed PVR regime.

OTHER COMMENTS

The NZIPA considers that all applicants should have certainty around official fees when filing/planning to file their applications.

We note PVR fees were last adjusted in 2002, and that the current deficit at which the PVR scheme is operating has arisen, at least in part, because of such infrequent adjustment. It is readily apparent that PVR fees should be reviewed on a more frequent basis.

The proposals that are developed following this consultation should also propose fees for acts that are not currently part of the PVR regime, but are expected to be introduced when the new Act comes into force. For example, the fee for requesting a hearing or for a verification trial.

In some overseas jurisdictions, the fees for particular IP rights vary with the nature of the applicant. For example, entity status for US patent applicants. Concerns about PVR fees being too expensive for small breeders, could be alleviated by such a system. While the nature of the applicant is not a factor in the current PVR regime, this could be reconsidered given the significant level of cost recovery required to support the regime.

The NZIPA considers Crown funding of the PVR regime is entirely appropriate, that is that the PVR regime need not be self-funding. Plants are vital to the New Zealand economy. For example, fruit for export, grapes for wine making, or the grass eaten by cows, sheep and other animals. Accordingly, it is vitally important that New Zealand has access to the best plant innovations, both through encouraging breeding within New Zealand, and encouraging overseas breeders to bring their innovation here. The situation regarding PVRs is not analogous to patented inventions, which may be utilised in New Zealand if there is no granted patent. Instead, without a PVR, many overseas companies would not meet the costs associated with importing new varieties into New Zealand (for example, quarantine). UPOV 91 also prohibits export of protected varieties, so it would not be possible for a third party to send them from, for example Australia to New Zealand.

CONCLUDING REMARKS

We would welcome the opportunity to discuss any aspect of our submissions with the review team.

Yours faithfully

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