

**Labelling Requirements and  
the *Plant Breeder's Rights Act 1994* (Cth)**

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## Executive Summary

Labels are used in the plant breeder's rights system to signal that a variety is covered by intellectual property rights and to provide identifying details about the variety. Notably, labels can be used to counter claims of innocent infringement under section 57 of the *Plant Breeder's Rights Act 1994* (Commonwealth). Section 57 is the only part of the Act that deals with labelling.

For the most part, stakeholders did not feel that there were significant issues in relation to labelling. Nonetheless, improvements could be made to improve the clarity of some provisions, and modifications could be made to the information content of labels. A more significant reform option is the possibility of making the retention of labels mandatory in order to prevent labels being removed at some point in the supply chain.

## List of Recommendations

1. Mandate the retention of labels indicating the existence of PBR varieties, with an exception for removals that are reasonable or accidental, and treat the unreasonable removal of the label as a non-infringing offence under the Plant Breeder's Rights Act.
2. Modify IP Australia's industry guidelines for labelling to include the name of the breeder, the PBR Application or Certificate Number for the variety, and template labels for varieties which are pending PBR protection.
3. Continue to monitor legal information on PBR labels, with a view to adding a provision to section 75 if existing laws prove inadequate.
4. Provide guidance about what is meant by 'reasonable grounds for suspecting' in section 57(1).
5. Clarify the meaning of 'labelled' in section 57(2), specifying that official PBR labels are not mandatory for section 57(2) to apply.
6. Provide a clearer definition of the words 'sold to a substantial extent' in section 57(1) or replace with a reasonable person test.
7. Issue explanatory guidelines on labels and innocent infringement.
8. Include labelling as part of plant breeder's rights education training and awareness.

## 1. Introduction

One of the challenges that intellectual property laws faces is connecting specific objects with their associated abstract legal rights. This is particularly challenging in the case of plants, which constantly reproduce and change themselves. Labels provide one possible solution to this problem. By remaining attached to a plant as it circulates in the world, labels can provide information about the plant, including its species, variety name, and intellectual property status. One aspect of this information function is that labels can inform intermediaries and the public that a plant has intellectual property protection and that royalties must legally be paid for its use.

This Report examines the current rules and practices surrounding labelling of plant varieties for purposes of the Australian *Plant Breeder's Rights Act 1994* and considers whether these should be retained in their current or amended form.

## 2. Existing Law

For the most part, the Plant Breeders Rights Act is silent in relation to labels.<sup>1</sup> There is no obligation in PBR law to label PBR-protected plant varieties. There is also nothing to prevent someone from removing labels. While these obligations can be imposed contractually, the principle of privity of contract prevents these obligations from being applied to third parties.

While there is no obligation in PBR law to label PBR-protected plant varieties, labelling may nonetheless still be important legally. This is because section 57(1) of the *Plant Breeder's Rights Act 1994* provides that a court may refuse to award damages or an account of profits against an infringement of plant breeder's rights if "at the time of the infringement, the person was not aware of, and had no reasonable grounds for suspecting, the existence of that right".

Section 57(2) adds that "if the propagating material of plants of the plant variety, labelled so as to indicate that PBR is held in the variety in Australia, has been sold to a substantial extent before the date of the infringement, the person against whom the action for infringement is brought is taken to have been aware of the existence of PBR in the variety, unless the contrary is established." The Act does not clarify how "substantial extent", "reasonable grounds", or 'unawareness of PBR' might be established.

IP Australia publishes industry guidelines for labelling.<sup>2</sup> These provide standardised templates and instructions for labelling PBR-protected varieties. Labels can be applied to seed bags, used in sale catalogues, on websites, and attached to plants directed via "tie-or" or "push-in" labels.

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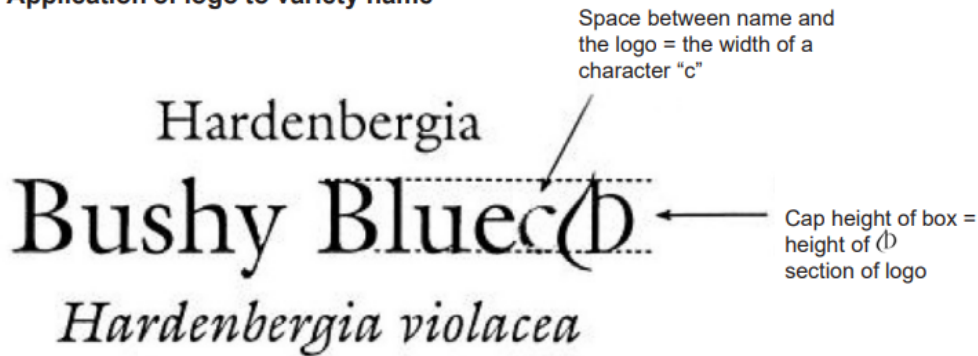
<sup>1</sup> *Plant Breeder's Rights Act 1994* (Cth).

<sup>2</sup> IP Australia, 'Industry guidelines for labelling' (2017) <[https://www.ipaustralia.gov.au/sites/default/files/industry\\_guidelines\\_for\\_labeling.pdf?acsf\\_files\\_redirect](https://www.ipaustralia.gov.au/sites/default/files/industry_guidelines_for_labeling.pdf?acsf_files_redirect)>.



Dotted line does NOT print  
NB: Delete keyline from artwork

Application of logo to variety name



Front



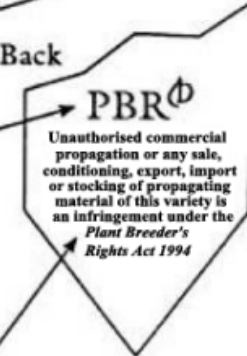
Back



Front



Back



minimum size of logo is 14mm wide

minimum size of warning is 5pt

In some industries (particularly in horticulture), labels are employed as a mechanism for the collection of royalties. Labels are sold by propagators to production nurseries for each plant sold, on which a PBR royalty is collected.<sup>3</sup> The number of labels sold serves as a proxy for plant sales, as each plant is intended to be sold with a label affixed.

### 3. Issues in relation to labelling

From a legal perspective, the main purpose of labels is to alert third parties to the existence of PBR rights in propagating material. This functions as an important mechanism to inform people who interact with the propagating material that it is protected by plant breeder's rights and that they should act accordingly. The existence of a label on propagating material that has been sold to a 'substantial extent' before the date of the infringement also creates a rebuttable presumption that anyone who interacts with the protected plant cannot claim that they did not know that the plant in question was PBR protected. Labels also carry information about the protected plant.

There were very few complaints or concerns raised by stakeholders in relation to labelling, which were mostly practical issues arising from uncertainty about what was required for labels to be legally effective. While a small number of stakeholders were very familiar with the labelling requirements (but tended to control labelling through contracts), there was considerable uncertainty and confusion about PBR labelling. This is an issue that should be addressed through better education and training.

One issue that many stakeholders raised was the cost of labelling and the practical difficulties that labelling presented to them (such as the difficulty of attaching labels and the fact that they often had to purchase very large print runs of labels, which vastly outnumber the quantities of plants they sold, and which led to lots of waste). This was particularly the case with smaller companies and in industries, such as ornamentals, where there was a high turnover. Labels are a sensitive issue for some in the ornamentals industry: they are expensive, may require large print runs that outnumber the quantities of plants sold, and create a lot of waste<sup>4</sup>.

We also found that approaches to labelling varied greatly between industries. Some stakeholders (particularly in the horticulture sector) reported that labelling was now the norm in the industry and that it was very unusual to see a tree that did not have a label. One stakeholder said that a tree without a label automatically raised questions. In the industries where labelling had become standard practice, there tended to be a small number of organizations who worked closely with each other. The industries also tended to rely on contracts to ensure that plants and trees were labelled as they circulated. While this had been largely successful, stakeholders did report problems; notably the need to continually train new staff in a transient industry and the fact that other concerns, such as health and safety, tended to take priority over understanding labelling practices.

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<sup>3</sup> Australian Government Advisory Council on Intellectual Property, 'A review of enforcement of Plant Breeder's Rights, Final Report' (2010), 22. <[https://www.ipaustralia.gov.au/sites/default/files/acip\\_final\\_report\\_review\\_of\\_enforcement\\_of\\_pbr\\_archived.pdf](https://www.ipaustralia.gov.au/sites/default/files/acip_final_report_review_of_enforcement_of_pbr_archived.pdf)>.

<sup>4</sup> The Plant Breeder's Rights Ecosystem in 2021/2022 8



In other less concentrated industries, such as ornamentals, stakeholders reported that it was incredibly difficult to secure and maintain labels throughout the supply chain.<sup>5</sup> It was also reported that many smaller nurseries supplied plants to retailers without labels or barcodes.<sup>6</sup> Some stakeholders were unclear about the information that a label should include in situations where PBR was pending. This problem arises because stakeholders want to take the plant to market while the plant is still being examined; a process which may take several months or years, depending on the plant species involved. If plants are labelled to indicate that PBR protection is pending, the label will become outdated when the protection process is finalised. The problem is particularly acute with ornamentals where in many circumstances the market life of a plant variety is shorter; if there are delays in the PBR process, a lot of a plant's commercial value is realised before the PBR is granted.<sup>7</sup> There was also a concern that using a PBR pending label was open to abuse.

## 4. Options for reform

While there very few complaints or concerns from stakeholders about labelling, there is scope for the law to improved or modified to enhance plant breeding in Australia.

### 4.1 Prevent unreasonable removal of labels

PBR labels play an important role in alerting people about the existence of PBR protection. While a PBR owner can insist contractually that the plant be sold with the label attached, there is no obligation in the PBR act (or elsewhere) that labels should remain affixed to a plant as it circulates. As a result, PBR owners do not have the ability to demand that the label remains attached to plant or seed as it is sold and re-sold. This may make enforcing the right difficult in cases where a variety has passed through many points in a supply chain, as if the label is removed the PBR owner's only recourse is through contract law (which is limited by privity of contract). This ultimately increases the chances that an infringer could rely on a defence of innocent infringement.<sup>8</sup> This creates problems for PBR owners, particularly in terms of enforcing their rights.

It is possible that these problems could be addressed by introducing a requirement in the Plant Breeder's Rights Act that once a PBR label is attached to propagating material that it should remain affixed to for subsequent sales. This could be subject to limitations, such as situations where labels are removed for reasonable purposes (splitting of seed into smaller batches, for instance), accidentally, or with the consent of the PBR owner.

#### **Benefits:**

- Mandatory retention of labels would provide PBR owners with a recourse against supply chain participants who remove PBR labels.
- This would allow PBR owners to maintain better control over their varieties, without requiring specific contractual relationships.
- Increased use of labels could increase public awareness of PBR rights.
- Ensuring that labels remain attached would decrease chances of infringers pretending they were innocent.

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<sup>5</sup> The Plant Breeder's Rights Ecosystem in 2021/2022 8

<sup>6</sup> The Plant Breeder's Rights Ecosystem in 2021/2022 8

<sup>7</sup> The Plant Breeder's Rights Ecosystem in 2021/2022 8

<sup>8</sup> *Plant Breeder's Rights Act 1994* (Cth) s 57(2).

- This would provide PBR owners with greater control over how their plants are labelled and described as they move through supply chains and networks.
- Provided that the requirement is only for the *retention* of labels, with robust exceptions for reasonable removals, the costs associated with compliance would be very low. In effect, it would not place any positive obligation on stakeholders; rather, it would create a prohibition on removing labels without a reasonable excuse.

#### Costs:

- Depending on the specific mode of implementation, mandatory retention could create burdens for supply chain intermediaries. Mandating retention of labels would be less effective for more complicated distributional models, for example where bulk seed is split into smaller batches. In such cases, the removal of labels would likely be considered reasonable.
- If not carefully designed and worded, such a provision could introduce uncertainty and compliance difficulties within supply chains. This can be illustrated with a hypothetical example of an industry where relabelling individual plants is common; mandatory labelling could create confusion and additional costs if the provision is unclear or not well understood.
- It would be difficult to develop a workable and effective way of policing non-compliance.

Alternatively, the PBR Act could be amended to allow for a private action for the removal of a label similar to section 121 of the *Trade Mark Act*. Given that in most circumstances the cost of bringing a private action would greatly outweigh the potential benefits that could flow to the PBR owner, we do not think that this would be an effective remedy.

#### Our Recommendation

We believe that the law should be modified so that where PBR labels have been attached, they should be retained as plants and seeds circulate. Removal of a label without a reasonable excuse could be treated as a non-infringing offence under section 75. Education would be a key aspect of this new obligation,

If adopted, it would be important to ensure that the new provision did not capture situations where it was reasonable for someone to remove a label, where the PBR owner consented for the label to be removed, or where the label was accidentally removed. The accused could have the evidential burden to prove these defenses.

#### 4.2 Mandate use of labelling for PBR protected varieties

At present, the standard PBR labels in IP Australia's industry guidelines for labelling contain the protected variety name(s), species name, and the PBR symbol.<sup>9</sup> However, there is no legal requirement to label protected varieties. This can make it challenging for third parties to determine what intellectual property rights are attached to the variety, which may limit how they can legally deal with the variety.<sup>10</sup> Some stakeholders suggested that it would be beneficial

<sup>9</sup> IP Australia, 'Industry guidelines for labelling' (2017) <[https://www.ipaustralia.gov.au/sites/default/files/industry\\_guidelines\\_for\\_labeling.pdf?acsf\\_files\\_redirect](https://www.ipaustralia.gov.au/sites/default/files/industry_guidelines_for_labeling.pdf?acsf_files_redirect)>.

<sup>10</sup> IP Australia, 'Policy register: Improve the ability for third parties to determine if a plant is Plant Breeder's Rights Protected by improving labelling requirements' (2021) <<https://www.ipaustralia.gov.au/policy-register/improve-ability-third-parties-determine-if-plant-pbr-protected-improving-labelling>>.

to make use of the standard PBR labels in IP Australia's industry guidelines for labelling mandatory.

An alternative option would be to require use of the registered name whenever a protected variety is sold or offered for sale. In the UK, where a name is registered in respect of a variety, a person may not use any other name in selling, offering for sale or otherwise marketing propagating material of the variety<sup>11</sup>. Similarly, NZ law provides that any person who sells reproductive material of a protected variety shall use its denomination, and shall not associate any trade mark, trade name, or other similar indication with that denomination unless that denomination is clearly recognisable.<sup>12</sup> Similar requirements exist throughout the European Union. As laws regulating commercial variety denomination go beyond the use of labels, this option is discussed in the report on naming.

#### **Benefits:**

- Making use of a label mandatory would ensure that third parties are able to identify whether a variety has plant variety rights, without needing to rely on a defence of innocent infringement against accusations of infringement.
- This would contribute to general clarity around varietal identity.

#### **Costs:**

- Stakeholders raised concerns that mandatory labelling requirements could impose additional burdens on people across the supply chain working with varieties owned by others (wholesale nurseries, label designers/printers, etc).
- It is difficult to determine an appropriate penalty for failing to attach a label. A substantial penalty would seem inappropriate for such a minor infraction, whereas a less substantial penalty may have no impact.
- Stakeholders noted that labels can be costly, time consuming, and wasteful.
- Given the volume of plants and seeds traded, enforcement of such a provision may be challenging in practice.

#### **Our Recommendation**

Mandating use of labels would have advantages for improving public understanding of the PBR system, and for informing third parties about the presence of intellectual property rights. However, the problems associated with determining an appropriate penalty and the potential burdens imposed by mandatory labelling requires outweigh the potential benefits. Instead, we recommend that IP Australia focus on the use of labels as a component of industrial best practice. A non-legislative option would be for IP Australia to provide applicants with more information on labelling on grant, particularly regarding the benefits to PBR owners (in preventing the use of innocent infringement defences). This could be combined with industry education and training.

#### ***4.3 Include additional botanical information on standard PBR labels***

As noted above, standard PBR labels contain the variety name, species name, and PBR symbol. Other information could be added including common names and synonyms. This information could assist consumers in identifying the variety or species with greater ease.

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<sup>11</sup> Section 19 UK PVP Act,

<sup>12</sup> NZ section 22,

**Benefits:**

- This would provide additional botanical information, assisting with taxonomic identification of varieties.

**Costs:**

- Would require additional labour in the creation of labels (through tracing common names, synonyms, etc).
- It is unclear whether there is any need or demand for additional information on labels.
- This could introduce additional confusion rather than clarity, especially where multiple common names overlap between different species.

**Our Recommendation**

We do not see any reason to alter the botanical content of the standard PBR labels in IP Australia's industry guidelines for labelling.

***4.4 Add the name of the breeder to standard PBR labels***

IP Australia's industry guidelines for labelling could be modified to include the name of breeder (in affect a breeder's moral right of attribution). While this information is included in the PBR application, people do not tend to regularly read the Plant Variety Journal. Adding the name of the breeder to the label would promote recognition of the expertise and skill of breeders. It would also help to increase awareness of the PBR system.

**Benefits:**

- Adding the name of the breeder on labels would promote better understanding of the contribution made by breeders to plant varieties.
- This would be relatively cheap and easy to accomplish.

**Costs:**

- Some breeding processes involve multiple people, which could be cumbersome to name on labels.

**Our Recommendation**

IP Australia's standard industry guidelines for labelling should be modified to include the name of breeder. This should be optional and be excluded at the discretion of the breeder.

***4.5 Prohibit misleading legal claims on labels***

Plant variety labels can contain inaccurate or false legal information. This can include suggestions that the labelled material is protected by PBR when it is not. It can also include false claims about the rights given to the PBR owner. Section 75 of the Act provides limited remedies against such false claims. Specifically, it is an offence for a person who is not the grantee of PBR in a plant variety to represent to another person that they are the grantee of PBR in that variety.<sup>13</sup> It is also an offence for a person to claim falsely that a plant variety is protected by PBR when it is not.<sup>14</sup>

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<sup>13</sup> *Plant Breeder's Rights Act 1994* (Cth) s 75(2).

<sup>14</sup> *Plant Breeder's Rights Act 1994* (Cth) ss 75(3) and (4).

While these help to prevent the misuse of PBR system, there are situations that are not covered. The most important being where a PBR owner makes false claims about the rights they have as PBR owner, for instance by stating that the variety cannot be non-commercially reproduced or cannot be used for subsequent breeding. One way of remedying this problem would be to expand the scope of section 75 to make it an offence to include inaccurate legal information on labels.

#### **Benefits:**

- This would prevent PBR owners from falsely asserting rights in a way that could mislead consumers.
- Ensuring that all information on labels is accurate would contribute to greater overall understanding of PBR laws.

#### **Costs:**

- The inclusion of inaccurate or false legal information on labels is already covered by other laws, such as the Australian consumer law's prohibition on misleading and deceptive conduct.
- This issue was not a significant concern for stakeholders.

#### **Our Recommendation**

Ensuring that the legal information on labels was accurate would help to promote better understanding of the PBR system. However, there was no indication that the inclusion of inaccurate or false legal information on labels was a significant concern for stakeholders, and we have not encountered cases of this. We recommend that IP Australia continue to monitor legal information on PBR labels, with a view to adding a provision to section 75 if existing laws prove inadequate. We also suggest that IP Australia consider public education and awareness in this area.

#### **4.6 Clarify what is meant by 'reasonable grounds for suspecting' in s 57(1)**

Section 57(1) of the Plant Breeders Rights Act makes provision for innocent infringement when the infringer "was not aware of, and had no reasonable grounds for suspecting, the existence of that right". The threshold for conduct that will be classified as "innocent" is uncertain, particularly with regard to when an alleged infringer might be expected to have been aware of the right. For instance, if a variety is sold without a label but is widely recognised within the industry to be PBR-protected, could innocent infringement be established? To what extent are buyers expected to make inquiries regarding the existence of PBR?

The lack of case law on plant breeder's rights means that there is little judicial guidance about the types of situations when a person might have reasonable grounds for suspecting the existence of a PBR right. To rectify this situation, IP Australia could provide guidance about the types of situations when these conditions might be met. In doing so, IP Australia could draw on case law dealing with comparable provisions in patent law, however this is also not very extensive.<sup>15</sup>

#### **Benefits:**

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<sup>15</sup> 1990 Patent Act, S 123. See, for example, *Axent Holdings v Compusign Australia* [2020] FCA 1373, *Unilin Beeher v Huili Building Materials* (No 2) (2207) IPR 345.

- Guidance on the meaning of ‘reasonable grounds for suspecting’ would provide stakeholders with greater clarity.

**Costs:**

- It is unclear whether giving this type of guidance falls within the proper scope of IP Australia’s ambit.
- There is no guarantee that this guidance will be followed by the courts.

**Our Recommendation**

We believe that IP Australia should provide guidance about what is meant by ‘reasonable grounds for suspecting’ in section 57(1). Ideally these would be industry specific to capture the different approaches that might be adopted. This guidance could be published as a webpage, for instance, and could be included as part of plant breeder’s rights education, training, and awareness.

**4.7 Clarify that ‘labelled’ in section 57(2) does not require official labels**

Section 57(2) provides that in certain circumstances, an infringer will be unable to claim that they acted innocently. Specifically, section 57(2) states that “‘if the propagating material of plants of the plant variety, *labelled so as to indicate that PBR is held in the variety* in Australia, has been sold to a substantial extent before the date of the infringement, the person against whom the action for infringement is brought is taken to have been aware of the existence of PBR in the variety, unless the contrary is established.”

It is unclear what is meant by the phrase ‘*labelled so as to indicate that PBR is held in the variety*’. In particular, it is not clear whether hand-made or modified labels indicating the existence of plant breeder’s rights would be sufficient for section 57(2). It is also not certain whether use of the PBR logo is needed. Given that the PBR Act does not specify how propagating material needs to be labelled, it seems reasonable to assume that any form of label would suffice (with or without the official PBR logo) so long as it indicated that PBR is held in the variety. To remove any doubt, it might be useful to clarify this issue.

**Benefits:**

- Publishing guidance on this point would provide stakeholders with greater clarity.
- Clarifying that official labels are not necessarily required would allow flexibility in the use of PBR labels.
- Some stakeholders said that requiring the use of official labels could introduce additional expenses and reduce flexibility.

**Costs:**

- The proliferation of non-standard labels could possibly lead to increased confusion.
- Could lead to less people using the official labels, and a proliferation of different label styles and practices.

**Our Recommendation**

Given the variety of ways that plant propagating material is packaged and sold, not requiring standardised labels may be the preferable route to take. This allows PBR owners to use labels more flexibly, adapting them to the specific requirements and packaging of their products. In line with this it would be helpful to clarify that the question of whether a plant has been *labelled so as to indicate that PBR is held in the variety* is a factual question that will depend on the

circumstances. It would also be useful to clarify that while use of the official label is preferred, that this is not obligatory and that other methods could be used.

#### ***4.8 Make use of official PBR labels mandatory for purposes of section 57(2)***

As an alternative to determining that official labels are not required for section 57(2), the law could be changes so that the only way in which an infringer could be notified of the existence of an existing PBR right for the purposes of section 57(2) is if the propagating material was labelled with a formal PBR label that included the official PBR symbol. This would restrict the labelling practices of PBR owners but would result in more standardised and consistent labelling practices.

##### **Benefits:**

- This would provide stakeholders with greater clarity.
- It would promote standardised and consistent use of labels

##### **Costs:**

- This change would provide PBR owners with less flexibility in labelling.
- This change could lead to unfair outcomes for PBR owners who were unaware of formal labelling requirements.

##### **Our Recommendation**

We see no reason to mandate the manner in which PBR owner chooses to communicate with potential infringers that PBR is held in propagating material.

#### ***4.9 Provide guidance on best practice for varieties with pending PBR***

Some stakeholders were uncertain about how to label plant varieties for which PBR was pending. This was particularly pronounced for ornamental varieties, where the market life of a plant variety may be shorter and delays in the PBR process can result in much of a plant's commercial value being realised before the PBR is granted. Labelling the variety as PBR protected would be fraudulent, while not labelling the variety as PBR protected may lead to PBR rights being infringed if the PBR is later granted.

Some stakeholders noted that labelling in this circumstance can create misleading impressions, hampering freedom to operate for others in the industry. On this point, some in the nursery industry thought that their competitors were adopting strategies to file PBR applications, and then drawing out the process for as long as practicable (without ever actually getting the PBR granted), to take plants to market with labels suggesting they are PBR protected.

One possible way of addressing this issue is to provide standard labels for varieties which are "PBR-pending". These should state that at this stage the variety is only provisionally protected until the application is completed, but it will be ongoing if the application is granted.<sup>16</sup>

##### **Benefits:**

- Including information about the legal status of PBR pending varieties on labels would inform purchasers of their rights and obligations in relation to that variety.

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<sup>16</sup> *Plant Breeder's Rights Act 1994* (Cth) s 39.

**Costs:**

- As the legal status of the variety changes (for instance, the application is successful or unsuccessful), the labels would also need to be changes so as not to be misleading.

**Our Recommendation**

IP Australia should consider amending the industry guidelines for labelling to include relevant information where PBR is pending. Consideration should be given to including the application number or certificate number as a way for users to check the status of a PBR (discussed below). Pre-grant the variety name is not necessarily reliable, as it can be changed. This would require the addition of templates for varieties for which PBR protection is pending.

In addition, the industry guidelines for labelling should be modified to include words to the effect of “Check the Plant Breeders Rights database for the current status of PBR rights in this variety”. The URL of the Plant Breeder’s Rights database search -- [http://pericles.ipaustralia.gov.au/pbr\\_db/](http://pericles.ipaustralia.gov.au/pbr_db/) -- could also be included.

**4.10 Include the application number or certification number on PBR labels**

One of the potential problems with the inclusion of PBR notice on labels is that when PBR expires, or is withdrawn or surrendered, the label may suggest that the variety is protected when it is now in the public domain. One potential solution would be to include the application number or certificate number as a way for users to check the status of a PBR. This would be particularly helpful if the IP Australia website link was included. Pre-grant the variety name is not as reliable as it can still be changed, but the application number or certification number will remain fixed.

This could be accomplished by modifying IP Australia’s ‘Industry Guidelines for Labelling’, coupled with alerting stakeholders of the change. While there would be minor costs involved in this process, it would provide competitors with a quick reference point for determining whether PBR is still in force. This presupposes that the PBR is not invalidated or lapsed, which would create additional problems.

We did not receive any reports of labels with expired PBR notices creating any problems. This may be partially due to many protected varieties being superseded before the end of their PBR term. IP Australia currently handles this issue by instructing PBR owners to remove PBR labels once their right expires, is withdrawn, or is surrendered. Aside from a delay due to varieties already in supply lines, this approach seems to be functional, although recalling and correcting labels may be difficult in some circumstances.

**Benefits:**

- Including the Application or Certificate number would allow the public to more easily and transparently identify whether a plant variety has associated intellectual property rights.
- This would allow interested parties to more easily check other intellectual property information associated with the variety.
- This number would definitively connect the plant with its associated legal rights.

**Costs:**

- This would require IP Australia’s ‘Industry Guidelines for Labelling’ to be modified to include the application or certificate number.



- Relies on applicants locating and including the correct application or certification number on labels.

### **Our Recommendation**

Adding the PBR application or certification number would be a low-cost way to improve the transparency and information accessibility of the PBR system. It is therefore a change that IP Australia should consider making.

#### ***4.11 Clarify when something is “sold to a substantial extent”***

Section 57(2) provides that where a suitably labelled PBR-protected variety “has been sold to a substantial extent before the date of the infringement”, the infringer is “taken to have been aware of the existence of PBR in the variety, unless the contrary is established”.

There is some uncertainty about when a PBR-protected variety will have been sold to a ‘substantial extent’. What would be the case if a variety dominated sales in one area, for instance NSW, but had limited sales elsewhere in Australia? In this case, would a PBR owner suing an infringer in Western Australia be able to rely on the fact that the variety had ‘substantial sales’ in NSW? It is also not clear what ‘extent’ refers to. While extent suggests that it is a comparative inquiry, this is not clear. What would happen, for example, if the PBR owner supplied 100 per cent of a very small market: would this be a substantial extent?

Consideration should therefore be given to providing greater clarity about the meaning of ‘sold to a substantial extent’. This should include publishing guidance about whether ‘substantial’ applies to all of Australia or within the location where the infringement occurred; and whether substantial implies a certain quantity of sales. This could be done by IP Australia or through legislative reform.

Alternatively, IP Australia could consider removing the requirement that the propagating material has been “sold to a substantial extent” and replacing it with a reasonable person test examining whether a reasonable person in the situation of the infringer have been aware that the variety was PBR protected.

#### **Benefits:**

- This would provide stakeholders with greater clarity on the operation of the law.
- The reasonable person test is widely employed in law to provide a clear and straightforward legal standard which remains flexible regarding relevant factors.

#### **Costs:**

- There is no guarantee that this guidance will be followed by the courts unless a change is made within the Act itself.
- The complexity of this provision’s underlying assumption (that given sufficient sales of a labelled variety, an infringer presumably must have been aware that the variety is protected), and the large variety of factors that may be relevant, makes clarification of ‘substantial extent’ challenging to draft.

### **Our Recommendation**

We think that the scope of the innocence defence would be improved if the meaning of “sold to a substantial extent” was clarified. To achieve this, IP Australia could consider removing the requirement that the propagating material has been “sold to a substantial extent” and replacing

it with a reasonable person test, such as whether ‘a reasonable person in the situation of the infringer would have been aware that the variety was PBR protected’.

#### ***4.12 Remove the possibility of establishing innocent infringement for labelled varieties***

As was noted above section 57(2) provides that where propagating material of plants of the plant variety labelled to indicate that PBR is held in the variety has been sold to a substantial extent before the date of the infringement, it is presumed that the infringer aware of the existence of PBR in the variety. In these situations, the infringer is unable to rely upon the defence of innocent infringement. This presumption is able to be rebutted however if “the contrary is established.” For this to apply the would-be infringer would need to establish that they did not know about the existence of PBR in the variety, despite the variety having been sold to a substantial extent. Proving a negative such as this is difficult to do.

It is not clear how ‘non-awareness’ might be established and how this relates to the requirement that an innocent infringer “had no reasonable grounds for suspecting” the existence of PBR. In other words, is it possible that infringing a labelled PBR variety could still constitute innocent infringement? This is currently unclear. One way of remedying this problem would be to change the Act to state that innocent infringement could not be established if the variety was appropriately labelled (either using official or non-official labels).

#### **Benefits:**

- This would remove some of the doubts about the legal effectiveness of labelling.
- It would help to resolve some of the uncertainty in relation to section 57.

#### **Costs:**

- Removing this option could reduce the ability to flexibly respond to edge cases where an infringer was unaware of PBR despite a label.

#### **Our Recommendation**

In our discussions with stakeholders there was little support for changes in this area. None of the stakeholders we spoke to had experienced or knew of anyone who had experienced problems in this area. In part, this could be because of a lack of awareness of the scheme. Given the useful flexibility introduced by this provision, we see no reason why the law should be changed.

#### ***4.13 Increase awareness about role and function of PBR labels and labelling***

One of the recurring problems with plant breeder’s rights is a lack of awareness and understanding about the scope and nature of the law. This is evident in relation to labels. There are many reasons for this. One key reason for this is that the statutory language is not as clear as it might have been. Another is that the paucity of decisions construing the language of the Act means that there is little to no judicial guidance about the meaning of the law.

#### **Our Recommendation**

To remedy these problems IP Australia should consider:

- issuing explanatory guidelines or other publications on labels and labelling, providing guidance on ‘reasonable grounds for suspecting’ the existence of PBR rights, when a variety is ‘sold to a substantial extent, the requirement to retain labels (if this is introduced), and the form that labels should take to be effective.

- undertaking or encouraging stakeholders to undertake education training and awareness on labels (and PBR more generally).