



CIOPORA Position on **Exhaustion**

as approved by its Annual General Meeting on 02 April 2014 in The Hague, NL

The 1991 Act of the UPOV Convention has introduced in its Article 16 the principle of “Exhaustion” of the PBR; a principle, which is known in all Intellectual Property Protection systems. The UPOV 1991 Act establishes exhaustion in form of *national* exhaustion¹. National exhaustion has the effect that products, which have been marketed by the title-holder or with his consent in the protected territory, fall in the public domain in this territory, so that the title-holder can exert his right to said products only once in this territory.

The exhaustion provision in the UPOV 1991 Act reads:

Article 16 Exhaustion of the Breeder’s Right

(1) [Exhaustion of right] The breeder’s right shall not extend to acts concerning any material of the protected variety, or of a variety covered by the provisions of Article 14(5), which has been sold or otherwise marketed by the breeder or with his consent in the territory of the Contracting Party concerned, or any material derived from the said material, unless such acts

- (i) involve further propagation of the variety in question or*
- (ii) 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.*

(2) [Meaning of “material”] For the purposes of paragraph (1), “material” means, in relation to a variety:

- (i) propagating material of any kind,*
- (ii) harvested material, including entire plants and parts of plants, and*

¹ In contrast to this the concept of *international* exhaustion includes that a product, which has been marketed somewhere in the world by the title-holder or with his consent, falls into the public domain in the protected territory.



(iii) any product made directly from the harvested material.

(3) [“Territory” in certain cases] For the purposes of paragraph (1), all the Contracting Parties which are member States of one and the same intergovernmental organization may act jointly, where the regulations of that organization so require, to assimilate acts done on the territories of the States members of that organization to acts done on their own territories and, should they do so, shall notify the Secretary-General accordingly.²

On one side the exhaustion provision in the UPOV 1991 Act is very broad. It covers not only acts concerning the plant material marketed by the title-holder or with his consent, but also acts concerning any material derived from said material. On the other side it explicitly excludes specific acts from the exhaustion, namely the further propagation of the variety in question and the export of specified material into countries which do not provide for protection for the genus or species concerned.

CIOPORA is of the opinion that the exhaustion provision in the UPOV Act should be modernized and adapted to the current circumstances.

It is obvious and correlates to the exhaustion rules in other IP systems that the PBR in a territory in principle shall be exhausted for material, which has been marketed by the title holder or with his consent in the territory where the PRB is effective.

Taking into consideration the heterogeneous protection of plant varieties in the world and the capacity of propagation material to reproduce itself true-to-type, it is reasonable to limit the exhaustion of the PBR for the export of the propagating material³ into a country, which does not protect varieties of the plant genus or species to which the variety belongs.

As far as material is concerned, which is produced from the material marketed by the title-holder or with his consent (in the following “produced material”), the PBR should be exhausted only for produced material, if and to such extent its production has been licensed, and provided that the produced material is not subsequently used for other propagation or multiplication.

² Here the principle of *regional* exhaustion, as practiced e.g. in the EU, is allowed, too.

³ Propagating material as described in the position paper “Scope of the Right”.

CIOPORA

UNITING BREEDERS, PROTECTING INNOVATION



In the first instance it is a matter of the parties concerned (title-holder and licensee) to draft the scope of the license and to precisely describe the acts covered by the license. However, in that regard it can be assumed that, if for example the title-holder or his licensee sells apple trees to an apple grower without any specific agreement, the apple grower has been granted an unlimited implied license to produce and sell apples from these trees in the territory, where the PBR is valid. A cut-rose grower buying rose plants without a specific agreement has the implied right to produce cut-roses for the purpose of selling them – directly or via the trade chain - to end-consumers in the territory, where the PBR is valid.

Once more it shall be clarified that exhaustion of any PBR shall be strictly limited to the very territory where the PBR is in effect. The marketing of material in a protected territory shall trigger the exhaustion only for this very territory. Any import of said material or material produced from it into another territory, where a (parallel) PBR exists, requires a separate authorization (license) of the respective title-holder. CIOPORA is opposed to any form of international exhaustion.