



Plant Variety Rights Bill 2021

1 July 2021

Submission on the Plant Variety Rights Bill 2021

1 Introduction

- 1.1 The New Zealand Law Society | Te Kāhui Ture o Aotearoa (**Law Society**) welcomes the opportunity to comment on the Plant Variety Rights Bill (**Bill**).
- 1.2 The Law Society supports this Bill in principle but suggests that Part 5 of the Bill be modified to better reflect the recommendations of the Wai 262 Report, and natural justice principles, in particular the right to fair hearing.
- 1.3 **Part 5** of the Bill does not adopt the balanced approach to the interests of kaitiaki and breeders recommended by the Waitangi Tribunal. It also does not expressly allow for a hearing and denies any right of appeal to the court.
- 1.4 This submission also addresses drafting issues and recommends changes to avoid unintended consequences.
 - (a) The Law Society submits that the word “authorise” in clause 14 ought to be clarified to avoid the problems with the 1987 Act illustrated in the *Zespri v Gao*¹ decision.
 - (b) While we agree that the main criterion for granting a compulsory licence should be determined by the public interest, the “widespread availability” test is not compatible with the need to maintain the incentive for continued breeding of improved varieties and should be replaced.
 - (c) The Law Society supports the changes the Bill makes to the rules that govern proceedings, as they will make improvements to procedural issues under the 1987 Act.
- 1.5 We have included an Appendix which considers the Copyright Act 1994 as an example of some of the potential drafting issues around ‘authorisation.’
- 1.6 The Law Society wishes to be heard.

2 Part 1, Clause 3 - Purpose

- 2.1 The purposes of the Bill are set out in clause 3, which is limited to a reference to UPOV 91 and obligations under the Treaty of Waitangi. However, in paragraph 90.1 of the Cabinet Paper dated 27 November 2019, it was stated that purposes of the Bill should also include:

Promoting innovation and economic growth by incentivising the development and use of new plant varieties while providing an appropriate balance between the interests of plant breeders, growers and others so that there is a net benefit to society as a whole.
- 2.2 There is a similar purpose provision in section 3(a) of the Patents Act 2013. We suggest that the wording of the Cabinet Paper be inserted into clause 3 to better reflect a fundamental purpose of the Bill.

3 Part 3, Clause 14 – PVR is exclusive right to exploit protected variety

- 3.1 One of the issues that arose in *Zespri v Gao* (presently before the Court of Appeal) relates to “authorisation,” and the interpretation and wording of the 1987 Act. That wording is

¹ *Zespri Group Limited v Gao & Ors* [2020] NZHC 109.

inadequate, and in *Zespri* had to be supplemented by the Court of Appeal's interpretation in the *Winchester v Cropmark*² case.

- 3.2 The wording of the Bill is very different from the 1987 Act, and the issue of liability for authorising arises under the new clause 14.
- 3.3 As background to the issue of 'authorising'/'authorisation,' it may be helpful to consider the current Copyright Act 1994 as an indication of some of the problems that might arise if the wording is not made clear (we explain this point in further detail in the **Appendix** to this submission).
- 3.4 One issue that has arisen under section 16(1)(i) of the Copyright Act is what acts must occur in New Zealand before a person can be liable under the section. Clause 14(2) of the Bill could arguably apply to three different circumstances:
 - a. Scenario (a): Person A in New Zealand authorises Person B to do an exploitation act in New Zealand;
 - b. Scenario (b): Person A in New Zealand authorises Person B to do an exploitation act outside New Zealand; and
 - c. Scenario (c): Person A outside of New Zealand authorises Person B to do an exploitation act in New Zealand.
- 3.5 When considering "authorisation" in the PVR context, it is important to take into account that the Government (through Crown Research Institutes) and private industry are spending hundreds of millions of dollars on breeding new varieties of plants in order to drive export returns for New Zealand growers. A key issue facing New Zealand innovation with PVRs is the unauthorised actions of parties in New Zealand in unlawfully exporting plant material from New Zealand.
- 3.6 Parties who wish to unlawfully use New Zealand PVRs are unlikely to be growing plant material in New Zealand. Rather, they are likely seeking to export this to growers in other countries that are New Zealand's export markets. Therefore scenario (b) noted above will be of prime concern.
- 3.7 Although deeming exporting a restricted act (section 14(3)(d) is a key step, this does not provide the full answer. The *Zespri* case demonstrates the need for an authorising provision in the Bill which has extra-territorial reach.
- 3.8 In *Zespri*, one of the issues was whether wrongful authorisation was an actionable infringement in its own right. Mr Gao, while in New Zealand, purported to license parties in China to use the budwood that he had illegally exported (and further budwood from those vines once planted in China). Planting in China was covered by Chinese legislation, but the issue was whether the act of authorisation committed in New Zealand could itself be actionable.
- 3.9 As noted, the reserved decision of the Court of Appeal will be under the 1987 Act, however our focus here is on the current Bill. The wording of clause 14 of the Bill is as follows:

14 PVR is exclusive right to exploit protected variety

² Winchester International (NZ) Limited & Winchester v Cropmark Seeds Limited CA 226/04, 5 December 2005.

- (1) A PVR for a plant variety gives the PVR holder the exclusive right to exploit the protected variety.
- (2) To exploit a protected variety (variety A) means to undertake, **or to authorise another person to undertake**, 1 or more restricted acts with any of the following:
 - (a) propagating material of—
 - (i) variety A; or
 - (ii) a plant variety that is essentially derived from variety A; or
 - (iii) a plant variety that is dependent on variety A:
 - (b) unless the PVR holder has had a reasonable opportunity to exercise their exclusive rights in relation to the propagating material described in paragraph (a), harvested material obtained through the use of that propagating material.
- (3) Each of the following is a restricted act:
 - (a) production or reproduction:
 - (b) conditioning for the purpose of propagation:
 - (c) selling or offering for sale or other marketing:
 - (d) importing or exporting:
 - (e) stocking for the purpose of undertaking any other restricted activity.

...”

3.10 This wording does not make clear whether the act of authorisation is actionable in scenarios (b) and (c) above, i.e. where the authorised party is outside of New Zealand but the infringing act occurs in New Zealand **or** where the authorising party is in New Zealand but the infringing act occurs out of New Zealand.

3.11 There is a strong case to be made that scenarios (b) and (c) should expressly fall within the definition of “authorising.” In a situation such as occurred in *Zespri*, where the authorising party is already in New Zealand and subject to the jurisdiction of the New Zealand courts, it makes no sense to say to the PVR owner that there is no infringing authorisation and that the remedy is to bring proceedings in China. Mr Gao resided in New Zealand, not China, and was therefore not subject to the courts in China. Yet, his actions seriously damaged the New Zealand PVR rights holder.

3.12 It would be much clearer to have a new subclause (4) in clause 14 as follows:

- “(4) Authorising another person to undertake a restricted act includes:
- (a) Where the restricted act occurred in New Zealand but the authorising party was outside New Zealand at the time of authorising; and
 - (b) When the authorising party was in New Zealand at the time of authorising but the restricted act occurred outside the jurisdiction and would have been a restricted act had it occurred in New Zealand.”

3.13 A defence to this could be provided if the authorising party could show that the restricted act was not a restricted act in the jurisdiction authorised. However, we consider that the onus of proof should be on the alleged authorising party.

4 Part 4, Clause 32 – Meaning of distinct

- 4.1 For consistency with clause 3(b) of the Bill,³ the words “including common knowledge of Māori” should be added after “common knowledge” in line 2 of **clause 32(1)**.

5 Part 4, Clause 45 – application to be notified and made publicly available

- 5.1 Clause 45 is limited in respect of what is to be made publicly available. It is to be read together with clause 149, which sets out the meaning of “make publicly available,” but is qualified by the words “if the Commissioner is required to publicly notify documents or other information.”
- 5.2 Clause 45 only requires the Commissioner to notify and make an application publicly available at the time the application is “received.” The requirements of an application are defined in clause 36(2)(b), and where an application is received by the Commissioner but does not comply with those requirements, notification and public availability is to take place once the non-compliance is remedied. Further information may also be requested. We consider that clause 45 should be amended to make it clear that the Commissioner is required to make all documents on file available, not only at the time of filing but going forward if and when additional information is filed.

6 Part 5 – Additional provisions that apply to indigenous plant species and non-indigenous plant species of significance

Balancing the interests of kaitiaki against the PVR applicant

- 6.1 Part 5 of the Bill will set a precedent for establishing Treaty of Waitangi principles in New Zealand intellectual property law. It marks the culmination of thirty years of on and off policy development and debate since both UPOV 91 was agreed to and the Wai 262 claim was filed in 1991. The Wai 262 Report was published in 2011. It was not until 2019 that a whole-of-government response (*Te Pae Tawhiti: Wai 262*) to the report was announced. Before the announcement, New Zealand had acceded to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The CPTPP required New Zealand to have plant variety rights legislation meeting its obligations under the Treaty of Waitangi but otherwise compliant with UPOV 91, by 20 December 2021. As a result, this Bill is not a part of a joined-up approach aspired to by the whole-of-government response.
- 6.2 In the Wai 262 Report, the Waitangi Tribunal recommended that any new PVR legislation include a power to refuse a PVR if it would affect kaitiaki relationships with taonga species.⁴ However, the Tribunal noted that whether or not such a power should be exercised was a matter of *balancing* the interests of kaitiaki against those of the PVR applicant, the wider public good in research and development, knowledge itself, broader interests such as national identity, and the interests of the species itself.⁵ The Tribunal stated that which interest is (or interests are) to take priority in the circumstances was a matter that could only be decided after the balancing process.⁶

³ ‘... to give effect to the obligations of the Crown under the principles of the Treaty of Waitangi to recognise in New Zealand law kaitiaki relationships with taonga species and mātauranga Māori’.

⁴ *Ko Aotearoa Atēnei: Te Taumata Tuatahi*, Volume 1, Chapter 2, at p. 94, col 1.

⁵ *Ibid*, at p. 89, col 2 and p. 94, col 1.

⁶ *Ibid*, at p. 88, col 2.

- 6.3 The statutory criteria currently set out in clause 61, against which the Committee assesses the kaitiaki relationship, excludes these key criteria identified by the Tribunal.
- 6.4 The Tribunal recognised that *which* interest is (or interests are) to take priority in the circumstances was a matter that could only be decided after a *balancing process* whereby all relevant interests are considered.⁷
- 6.5 However, the bill does not reflect what the Wai 262 Report recommended. The rationale for this divergence was explained in the first Cabinet Paper.⁸

81. While there will be some balancing of the interests of kaitiaki and breeders if the early engagement is effective, I do not intend to set up a new process whereby kaitiaki interests are considered and balanced more widely against other interests (e.g. the interests of researchers, or economic interests). This would involve the need for further expertise to be brought into the decision-making process.

82. Decisions relating to grants of intellectual property rights are, generally, just about assessing whether or not the conditions for a grant are met. Just as the PVR examiners determine whether the conditions of a grant are met (i.e. that the variety is distinct, uniform and stable), so it would be for the Committee – as the relevant experts – to determine the impact on kaitiaki relationships where the breeder and kaitiaki had not already resolved this.

83. So, while I do not consider the structure of the Chair of the Committee (or some other person) sitting alongside the Commissioner appropriate for this situation, I acknowledge the submissions on this issue and propose instead that the Committee make a determination in relation to the kaitiaki relationship. If the determination is that the grant of a PVR would impact that relationship and this could not be mitigated to a reasonable extent, then the grant would be refused.

*88. Consistent with the approach to decision-making set out in the preceding section – namely that legislation, and therefore **the courts, are not well-placed to be making substantive determinations on kaitiaki relationships** – I propose that determinations of the Committee only be subject to judicial review (as oppose to appeal on merits). This means that a court would be able to review the process the decision-maker followed to arrive at the determination (i.e. the way the decision was made), but it is not for the court to substitute its own decision for that of the decision-maker.*

- 6.6 Under clause 61(b) of the Bill, if a kaitiaki relationship has been demonstrated, then the Māori Plant Varieties Committee must consider (i) the kaitiaki's assessment of the effect of a grant of a PVR on their relationship; (ii) any agreement to mitigate adverse effects reached between the breeder and the kaitiaki; and (iii) whether there is any evidence that the parties have not acted in good faith during their engagement. The clause as drafted does not require the Committee to consider the breeder's interest, therefore it is not a balancing exercise.
- 6.7 The Law Society suggests that the Bill should be amended to include a clause that gives full effect to the Wai 262 recommendations. The new clause would provide that if the Māori Plant Varieties Committee decided that section 65(1) does not apply, the Committee and the Commissioner must then jointly balance the kaitiaki interests determined by the Committee against:

⁷ Ibid, at p. 88, col 2.

⁸ *Policy Decisions for the review of the Plant Variety Rights Act 1987*, Office of the Minister of Commerce and Consumer Affairs, paragraphs 81-83 and 88, (27 November 2019).

- a. the interests of the PVR applicant; the wider public good in research and development;
- b. knowledge itself; and,
- c. broader interests such as national identity and the interests of the species itself.

Natural justice: the right to be heard / right to appeal

- 6.8 The second Cabinet Paper⁹ states that giving affected parties a right to be heard in situations which potentially affect their rights is an important principle of natural justice. Therefore, it proposed to provide such a right ‘in all specific situations in which a person’s rights may be affected.’ That proposal is reflected in clause 118, however **clause** 118 does not apply to decisions of the Māori Plant Varieties Committee.
- 6.9 While clause 62(c) provides that the Committee must comply with the requirements of natural justice, persons affected by decisions of the Committee should expressly be entitled to a hearing. Persons affected by Committee decisions would include both kaitiaki and breeders.
- 6.10 We recommend that clause 65 be amended so that the Committee and the Commissioner are required to jointly reach a decision after the balancing of interests, *and* that there is a right to be heard.
- 6.11 Paragraph 88 of the first Cabinet Paper (quoted above), asserted that decisions of the Māori Plant Varieties Committee should not be subject to appeal rights, as “the courts are not well placed to be making substantive determinations on kaitiaki relationships.” This statement overlooks the fact that the courts have been interpreting the principles of the Treaty of Waitangi in a substantive way for over three decades.
- 6.12 By way of one example, the preamble to the Marine and Coastal Area (Takutai Moana) Act 2011 states:
- This Act takes account of the intrinsic, inherited rights of iwi, hapū and whānau, derived in accordance with tikanga and based on their connection with the foreshore and seabed and on the principle of manaakitanga. It translates those inherited rights into legal rights and interests that are inalienable, enduring, and able to be exercised so as to sustain all the people of New Zealand and the coastal marine environment for future generations.*
- 6.13 In a lengthy judgment issued on 7 May 2021,¹⁰ the High Court took into account the factors listed in that preamble and made an order recognising the applicants’ customary rights under that Act.
- 6.14 As this example illustrates, the High Court is “well placed” to make substantive determinations on kaitiaki relationships. There should be a right of appeal for decisions of the Māori Plant Varieties Committee and joint decisions of the Committee and the Commissioner (if our point above is agreed to) to the court. This should be reflected in Schedule 2 of the Bill.
- 6.15 Further, the ability to request a reconsideration under clause 66 of the Bill appears to focus solely on whether further information is now available which was not available to the

⁹ *Further policy decisions for the review of the Plant Variety Rights Act 1987*, Office of the Minister of Commerce and Consumer Affairs, paragraphs 71,72, (21 April 2021)

¹⁰ *Re Edwards (Te Whakatōhea No. 2)* [2021] NZHC 1025 [7 May 2021]

Committee when it made its decision (clauses 66(1) and (2)). We suggest that this is an insufficient level of review, in circumstances where the decisions of the Committee have the potential to significantly impact on the rights and interests of individuals. The provision for a right of review or appeal is best practice, and this additional scrutiny encourages quality decision making as well as compliance with the law.¹¹

Material 'sourced from New Zealand'

6.16 At Clause 53(b), the words “material ... sourced from New Zealand” are open to many interpretations. This could cover material exported from New Zealand decades or centuries ago and grown and hybridised several times since in another country, before a new variety was derived from it by a breeder situated outside New Zealand; through to a New Zealand resident breeder who sourced the material from a New Zealand nursery or elsewhere in New Zealand. Since this provision determines which varieties Part 5 of the Bill applies to, the Society submits that its meaning should be made clear.

6.17 The second Cabinet Paper dated 28 April 2021 gives some guidance as to what was intended. On pages 5 and 6 it stated:

27 Submissions on the definitions have also raised some concerns around the assessment of kaitiaki relationships in respect of a plant species – specifically around how the impact on kaitiaki relationships will be assessed where:

27.4 the candidate variety is bred or derived from plant material obtained overseas, but which is also indigenous to New Zealand.

28 In response to these concerns, I propose:

28.1 to clarify that the assessment of kaitiaki relationships applies to all candidate varieties derived, either wholly or in part, from plant material from an indigenous plant species or non-indigenous plant species of significance, and that this material was sourced in New Zealand.

6.18 The Law Society submits that to more clearly state the meaning intended, the words “was sourced from New Zealand” should be replaced by the words, “the material was not obtained from overseas, even if the material is also of a species indigenous to New Zealand.”

Other matters arising from Part 5

6.19 Clauses 56(c) and (d) and 35(3) give the Commissioner the power to decide whether a denomination would be likely to offend a significant section of the community, including Māori, acting on advice from the Māori Plant Varieties Committee. Making this determination involves a balancing of interests, similar to balancing the interests of kaitiaki and breeders. This inconsistency of approach supports the point made above, that the Commissioner should have a role in balancing the interests of kaitiaki and breeders in Part 5 of the Bill.

6.20 Clauses 67(1) and (2) require the Commissioner to refer all applications for nullification or cancellation of a PVR to the Māori Plant Varieties Committee unless they are frivolous. This appears to be unintended, because that Committee is only empowered to consider applications for varieties derived from taonga species, and then only in respect of the variety's effect on kaitiaki relationships. Subclause 67(2) should therefore be qualified by a

¹¹ See, for example, LDAC's Legislation Guidelines: <http://www.ldac.org.nz/guidelines/legislation-guidelines-2018-edition/appeal-and-review/chapter-28/>

phrase such as “if the application is made on the ground that the variety has an adverse effect on a kaitiaki relationship with an indigenous plant species, as defined in section 54,” so that all other applications for cancellation or nullification are to be determined by the Commissioner.

- 6.21 In subclause 67(2), “they dismiss” should be replaced with the words “the Commissioner has dismissed” for consistency with clause 68.
- 6.22 In subclause 67(3), line 2, “for that plant species” should be replaced by “for that variety.” A PVR can only be granted for a variety, but the present wording would suggest it could be granted for a species.

7 Part 6 of the Bill

- 7.1 In Clause 69(2), “propagating material” should be qualified by the words “of the variety,” to make it clear that the PVR holder does not have to give the Commissioner propagating material of a comparator or any other variety.
- 7.2 Clause 70 ought to provide for the transfer of title in a PVR or PVR application, where the Commissioner rules that the PVR applicant or holder was not the breeder, to a person who can satisfy the Commissioner that they were in fact the breeder. Otherwise, while the absconder would be denied any PVR, so would the *bona fide* breeder.
- 7.3 Clause 72 mandates that any transfer of a PVR must be recorded. However, it does specify the consequences of failing to record a transfer. We suggest that the clause be amended to provide that any rights acquired under any transfer are not enforceable until the transfer has been recorded.
- 7.4 Clause 95(1) currently provides that where a PVR has been cancelled due to failure to pay a renewal fee, the former-PVR holder must make an application for restoration of a lapsed PVR. A review of restoration cases where a patent has lapsed for failure to pay shows that the lapse often occurred when an assignment was made at about the time of the transfer, and the assignee learned too late that the date had been missed. In those circumstances, it can be difficult or impossible for the assignee to get the assignor to make, or even cooperate in making, an application for restoration. To make it possible for an assignee who was not the registered PVR holder immediately before it was cancelled to apply for restoration, we suggest that a subclause 95(1)(c) be added to provide that if the PVR has been assigned, the assignee is entitled to make the application for restoration, after applying to record their assignment in accordance with clause 72.

8 Part 7 - Compulsory licences

Notification of decisions

- 8.1 Subclause 102(5) requires the Commissioner to notify the parties and to notify publicly and in the journal that a compulsory licence has been granted. However, if the Commissioner refuses to grant a compulsory license, subclause 102(6) only requires that the parties be notified of the decision and the reasons for it. We suggest that subclause 102(6) should be amended to require that refusals (and the reasons for them) should also be open to public inspection, as they form precedent for the meaning of the law.

Criteria for granting of compulsory licences

- 8.2 The criterion in the 1987 Act (under UPOV 78) for granting compulsory licences was the “widespread availability” test. Article 9 of UPOV 78, which governs compulsory licences, is identical to article 17 of UPOV 91. Both are restricted to one criterion for granting a compulsory licence, *public interest*. The Law Society endorses the move away from the “widespread availability” criterion of the 1987 Act to the single criterion, public interest, as set out in subclause 103(1)(c). However, the Law society submits that the Bill does not go far enough because the “widespread availability” test remains in subclauses 103(2)(a) and (b).
- 8.3 Those countries/jurisdictions similar to our own that have joined the convention post-UPOV 91 (i.e. Singapore, the European Union, and Japan) all provide for the granting of a compulsory licence to exploit a PVR solely on the grounds of public interest.
- 8.4 In 2009, the European Union promulgated a regulation which set out the criteria that should be considered when determining the *public interest*:¹²
2. *The following grounds may in particular constitute a public interest:*
 - (a) *the protection of life or health of humans, animals or plants;*
 - (b) *the need to supply the market with material offering specific features;*
 - (c) *the need to maintain the incentive for continued breeding of improved varieties.*
- 8.5 Subclauses 103(2)(c) and (d) of the Bill replicate two of the provisions from this regulation:
- (c) *The need to maintain the incentive to continue breeding of improved varieties.*
 - (d) *The protection of life or health of humans, animals and plants.*
- 8.6 However, subclause 103(2)(a) and (b) perpetuate the old “widespread distribution” test from the 1987 Act. The licensing and commercialisation of PVRs has become significantly more sophisticated since that time. To perpetuate the old test seeks to maintain a criterion which is no longer consistent with the criteria applied by our main trading partners.
- 8.7 Because clause 103(2)(a) focuses on “the protected variety” and whether this is “reasonably available to the public or any sector of the public”, the compulsory licence provision essentially enables anyone to obtain a compulsory licence. The widespread availability in New Zealand of the harvested fruit/produce will count for nothing in determining whether a licence should be granted.
- 8.8 The Law Society suggests that clause 103(2) should instead list just four matters. The *first three* are taken from the EU regulation, and the fourth is the catch-all already provided for in clause 103(2):
- (a) The need to supply the market with material offering specific features;
 - (b) The desirability of encouraging innovation and plant breeding; and
 - (c) The need to protect the life and health of humans, animals and plants; and
 - (d) Any other matters the Commissioner considers relevant.
- 8.9 A further issue is that clause 102 provides that “any person” may apply for a compulsory licence. A number of other countries (for example the United Kingdom, Singapore, Japan and the European Union), require that an applicant for a compulsory licence show that it intends

¹² Commission Regulation (EC) No. 874/2009 of 17 September 2009, Article 41(2)

to exploit the licence and/or be in a position to exploit the licence. In line with this, we suggest that clause 103(1) be amended to include:

- (d) The applicant is financially and otherwise in a position to exploit in a competent and business-like manner the rights to be conferred, and intends to exploit those rights.

Compulsory licences and exclusive licensees

- 8.10 Clause 24 of the Bill provides for an exclusive licensee to have standing in infringement proceedings. We consider that the interests of an exclusive licensee of a PVR, where a compulsory licence is sought for the same PRV, must also be provided.
- 8.11 A compulsory licence could seriously affect the rights of an exclusive licensee, and for this reason an exclusive licensee should have a right to be heard in such circumstances. We suggest that clause 102(2) be amended to read:

- (2)(a) give the applicant, the PVR holder and any exclusive licensee of the PVR a reasonable opportunity to be heard.

Other matters in Part 7

- 8.12 To put into effect the suggestion (made above) that the decisions of the Māori Plant Variety Rights Committee (whether alone or in consultation with the Commissioner) ought to be appealable to the court, clause 125(1) would need to be amended to include “or the Māori Plant Variety Rights Committee, or the Commissioner and the Māori Plant Variety Rights Committee collectively” after “Commissioner”. Corresponding amendments would also be required in Schedule 2 of the Bill.
- 8.13 Clause 140 places obligations of confidentiality on the parties. We consider that it should also put the same obligations on the Māori Plant Variety Rights Committee, who may well be in possession of relevant confidential information in its role of facilitating engagement of the parties under clause 56(a) of the Bill. On page one of the Explanatory Note, it is stated that the intention of the Bill is to implement the early engagement of the intending plant breeder applicants and kaitiaki. That early engagement would include the Committee coming into possession of information that was to be kept confidential until (and only if) a PVR application is made.
- 8.14 Clause 146 provides that regulations may require the filing of information or documents by electronic means. Unlike other intellectual property regimes, the PVR system also requires applicants to provide material of the variety concerned. We consider that it should be made clear that the electronic means requirement does not apply to anything that cannot be transmitted electronically, both in the Bill and in the regulations.
- 8.15 Finally, clause 150(1)(f) lists “re-examination” as one of the procedures for which regulations may be made. However, there is no re-examination procedure created by the Bill. We therefore suggest that “re-examination” be deleted.

9 Schedule 1 – Transitional, savings, and related provisions

- 9.1 Schedule 1, Paragraph 2(4), example 2: The last sentence in this example appears to suggest that, under the 1987 Act, a variety that had been discovered but no more, would have been eligible for a PVR. Under section 10(2)(d) a variety needs to be distinct, homogenous and stable, no matter what its derivation. Section 2 defines the “owner” as the person who “bred or discovered” the variety, but that does not absolve a discoverer of the requirements to develop a variety that has been discovered to show that it is distinct, homogenous and

stable before it is eligible for grant. We suggest that the sentence can be deleted. The eligibility requirements that must be met are already explained in the previous sentence.

- 9.2 Schedule 1, Paragraph 9, is ambiguous. As currently worded, it could mean that renewal fees for 1987 Act grants must be paid twice, once at the same rate payable under the 1987 Act and a second time at a rate payable under the Bill. It would be clearer if it stated that notwithstanding the repeal of the 1987 Act, renewal fees will still be payable for 1987 Act grants, but from a prescribed date at the same rate as for PVRs under this Bill.

A handwritten signature in cursive script, appearing to read 'Arti Chand'.

Arti Chand
Vice President, New Zealand Law Society

Appendix: The Copyright Act and 'Authorisation'

1. Section 16 of the New Zealand Copyright Act 1994 provides the following with respect to the restricted act of authorising:

16 Acts restricted by copyright

- (1) The owner of the copyright in a work has the exclusive right to do, in accordance with sections 30 to 34, the following acts *in New Zealand*:

...

- (i) to authorise another person to do any of the acts referred to in any of paragraphs (a) to (h).

2. Section 29 of the Act then provides the mechanism for infringement. It sets out that:

29 Infringement of copyright

- (1) Copyright in a work is infringed by a person who, other than pursuant to a copyright licence, does any restricted act.
- (2) References in this Act to the doing of a restricted act are to the doing of that act—
 - (a) in relation to the work as a whole or any substantial part of it; and
 - (b) either directly or indirectly;—and it is immaterial whether any intervening acts themselves infringe copyright.
- (3) This Part is subject to Parts 3 and 8.

Territorial restrictions on liability for authorisation

3. Copyright is a creature of statute and copyright protection conferred by New Zealand legislation only exists within New Zealand. Acts done outside New Zealand are generally not justiciable.¹³
4. One issue that has arisen under section 16(1)(i) is what acts must occur in New Zealand before a person can be liable under the section. Section 16(1)(i) in its current form could arguably apply to three different circumstances:

Scenario (a): Person A in New Zealand authorises Person B to do a restricted act in New Zealand;

Scenario (b): Person A in New Zealand authorises Person B to do a restricted act outside New Zealand; and

Scenario (c): Person A outside of New Zealand authorises Person B to do a restricted act in New Zealand.

5. The current position established by the case law is that scenario (a) will give rise to liability. However, scenario (b) does not, and it is unclear whether scenario (c) would. This was established in *Inverness Medical Innovations Inc v MDS Diagnostics Ltd*, where Woodhouse J held:¹⁴

In respect of copying, the evidence does not establish that either of the defendants, in New Zealand, copied any of the works. Nor do I consider that liability for infringement could arise by one of the defendants authorising Pharmatech, or another overseas entity, to copy the work

¹³ *Atkinson Footwear Ltd v Hodgskin International Services Ltd* (1994) 31 IPR 186 (HC).

¹⁴ (2007) 93 IPR 14 at [250].

overseas. Infringement arising by doing the restricted act of authorising the making of a copy is, having regard to the provisions of s 16(1), directed to authorising another person to make a copy in New Zealand.

Woodhouse J made it clear in the following paragraph that “a territorial restriction applies to what is authorised.”¹⁵

6. Accordingly, case law to date has established that copyright in a work is directly infringed only by a person who, without the consent of the owner, authorises from New Zealand another to do in New Zealand one of the acts set out in sections 16(1)(a) to (h). “Authorisation” is a separate act of infringement from the act that is itself infringed. As a result of *Inverness*, it appears that both the act of authorising and the act authorised must occur in New Zealand. This is different from the position applying in the United Kingdom which was in part the model for the New Zealand provision.¹⁶

United Kingdom Copyright Act

7. Authorisation is dealt with in section 16 of the Copyright, Designs and Patents Act 1988 (UK):

16 The acts restricted by copyright in a work

- (1) The owner of the copyright in a work has, in accordance with the following provisions in this Chapter, the exclusive right to do the following acts in the United Kingdom:

...

- (2) Copyright in a work is infringed by a person who without the licence of the copyright owner, does or authorises another to do, any of the acts restricted by the copyright.

8. So, in the United Kingdom, the act of “authorising” is not included as one of the acts restricted by the copyright and in respect of which the owner of the copyright has the exclusive right in the United Kingdom. Instead, the act of “authorising” is dealt with separately in section 16(2). The importance of this is that the territorial restriction on the scope of a copyright owner’s exclusive rights does not apply to authorising. This means that the act of authorising can occur anywhere in the world, and still amount to being a statutory tort, so long as the act authorised occurs in the United Kingdom.
9. It is unclear whether this difference in the drafting between the New Zealand Copyright Act and the UK Copyright Act was intended to place New Zealand and the United Kingdom in substantively different positions as to the law of authorisation. But that is the effect the difference has had.

¹⁵ At [251].

¹⁶ See cross-referencing footnote in s 16(1) of Copyright Act 1994 which cites s 16(1), 4 of UK CDPA.