

Institutions and Capacity Building for the Evolution of Intellectual Property Rights Regime in India: III– Conformity and Enforcement Issues*

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India favoured *sui generis* option to provide IPR protection to new plant varieties rather than resorting to the more stringent alternative, i.e., the patent provision. The Protection of Plant Varieties and Farmers' Rights Act, 2001 has been enforced in India to give effect to the TRIPS Agreement *vis-à-vis* national scenario and needs. This paper analyses and assesses conformity of this Indian IPR law with the international agreements, treaties and conventions, and their enforcement in the country. In conclusion, much is unclear in terms of access and benefit sharing issues in the absence, so far, of (i) uncompleted intergovernmental negotiations on genetic resources, traditional knowledge and folklore, and (ii) any Indian case law on the *sui generis* IPR on plant varieties.

Keywords: IPR, conformity, enforcement, PPV&FR Act, PVP, access and benefit sharing

To provide plant variety protection (PVP) in the country as per the general agreement on international trade, India developed and institutionalized a *sui generis* mechanism¹ in the transition period² available to the developing countries under the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The TRIPS Article 27 defines patentable subject matter and also requires member countries to provide protection to plant varieties. According to this, patents shall be available for inventions, whether products or processes, in all fields of technology provided they are new, involve an inventive step (non obviousness) and are capable of industrial application (utility). Further, plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non-biological and micro-biological processes may be excluded from patentability. However, Article 27.3 of TRIPS also requires providing protection to plant varieties either by patents or by an effective *sui generis* system or by any combination thereof.

India favoured and adopted *sui generis* option³ over patenting to provide IPR protection to new

plant varieties. The latter is a stringent form of IPR. The Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001 of India is one of the 'UPOV Plus' versions of PVP laws⁴ of countries. The legislation has unique provisions on farmers' rights, rights of communities as per Section 41 and compensation for under performance of IPR protected plant varieties as per Section 39(2) of the Act. However, the PPV&FR Act broadly incorporates the PVP standards provided by the UPOV Convention. Despite this, India is not a party to UPOV so far. As a result, the Indian nationals desirous of protecting their new plant varieties abroad do not have a cost-effective multilateral platform that could support their endeavour. On the contrary, in the case of patents, an international application can be filed by the Indians under the Patent Cooperation Treaty (PCT) as India is a Member of PCT. This arrangement clearly helps in providing a strategic support to and saving on cost of Indian inventors. To build arguments in favour of merits of joining a multilateral platform for PVP would need an in-depth socio-political considerations in the country *vis-à-vis* global understanding and development in IPR area, which is beyond the scope of this paper. Nevertheless, it is aimed to develop an understanding on some basic issues related to conformity of the Indian IPR and access and benefit sharing laws with the international understanding on the subject.

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Is Indian *sui generis* IPR regime in conformity with the TRIPS Agreement?

Arguably, yes; Indian *sui generis* IPR regime is in conformity with the TRIPS Agreement. The Indian statutes on the protection of plant varieties, biological diversity and traditional knowledge conform to the national needs and international agreements arrived at by the country. The preamble of the PPV&FR Act, 2001 states that India having ratified the TRIPS Agreement should *inter alia* make provision for giving effect to its Article 27.3(b) relating to protection of plant varieties. This Article would allow the WTO member countries to provide for one or more of the optional provisions i.e. either patents, or an effective *sui generis* system or a suitable combination of the two systems. Given these options, the Indian legislators have chosen to establish an effective *sui generis* system for the protection of plant varieties in the country, which includes rights of farmers and plant breeders, and encouragement for the development of new varieties of plants. Another unique provision in the PPV&FR Act is that of protection of extant varieties, thus over ruling the commercial novelty standard⁵ for this category of Indian varieties.

The major points of contention that disrupt the PPV&FR Act from the UPOV style PVP legislations include emphatic consideration of the social and economic welfare of farmers and also a balance of rights and obligations in the Indian law. However, both these points also make up the objectives as per Article 7 of the TRIPS Agreement. The TRIPS objectives also call for the promotion of technological innovation, and transfer and dissemination of technology to the mutual advantage of producers and users of technological knowledge. The Act clearly endorses these objectives.

Protection of existing subject matter as covered under the TRIPS Agreement Article 70, provides an interesting study, and a justification of conformity of the Indian *sui generis* PVP law with WTO. As per Article 70.4 of the TRIPS Agreement, 'In respect of any acts in respect of specific objects embodying protected subject matter which become infringing under the terms of legislation in conformity with this Agreement, and which were commenced, or in respect of which a significant investment was made, before the date of acceptance of the WTO Agreement by that Member, any Member may provide for a limitation of the remedies available to

the right holder as to the continued performance of such acts after the date of application of this Agreement for that Member. In such cases the Member shall, however, at least provide for the payment of equitable remuneration.'

The PPV&FR Act has conformity with these agreed provisions in terms of (i) protection of extant varieties and (ii) farmers' rights. Thus, there has been recognition of significant investment made in the development of extant varieties and also in the conscious selections made by generations of farmers in the development of farmer varieties and genetic resources of potential value for present and future breeding programmes. Similarly, the simultaneous provision of the farmers' rights in the PPV&FR Act including the use of farm saved seed by farmers, their protection from innocent infringement, and compensation for under performance of protected variety may be justified in terms of the limitation of remedies available to the title holder of plant varieties protected.

Nijar⁶ has been of the opinion that contemporary jurisprudence draws a distinction between the creativity of indigenous people and local communities, and that of corporate sector. Only the latter is accorded value and reward. This inequity threatens the viability of knowledge systems of indigenous people and local communities. On the other hand, the ethics of law suggest that a law should not command something that is ethically wrong or forbid what is ethically right. Thus, taking view of the necessity as per the prevailing socio-economic settings of Indian farming *vis-à-vis* the Agreement to extend IPR protection as an incentive or remedy, the Act has aimed to promote the creativity of both informal and formal innovators. It is also argued in the backdrop that the pace of green revolution might not have been as fast under the IPR regime as it turned out to be under the public domain or the common heritage of mankind principles prevailing at that point of time. The high input-responsive, semi-dwarf varieties of wheat and rice instrumental for bringing in the green revolution could not fetch royalties to innovators or custodians of the new varieties yet their large scale use did marvels in terms of food production statistics. Nevertheless, India has also been contributing, both consciously and voluntarily, towards the global 'give and take' in genetic resources and plant varieties to the benefit of rest of the world.⁷

In the IPR era, however, access and benefit sharing from both proprietary and non-proprietary materials is more clearly institutionalized. There is an emergence of stronger IPR regime through the journey from UPOV in 1961 to WTO in 1995. The emergence of agriculture and IPR on the world trade agenda since the Uruguay Round (1989-1993), and their endorsement at the Marrakesh in 1994, sealed the fate of plant varieties in the world trade, which would henceforth be dealt under the proprietary domain. The WTO member countries did not have the compulsion to join UPOV but they would surely have to institutionalize IPR protection of new plant varieties in their territories. The TRIPS Agreement does not reflect on any time line for the number of genera and species to be protected in a jurisdiction or the standards of (*sui generis*) protection of plant varieties, for which the member countries would have to consider UPOV as the model option. However, the WTO-TRIPS system has been particularly emphatic on the enforcement provisions and thus it is important that the Indian (or any other non-UPOV) *sui generis* PVP law meets the enforcement requirements matching with the WTO standards.

On the other hand, the issues of Access & Benefit Sharing (ABS) for the development and use of plant varieties have also been as much at the centre-stage as the IPR related issues. The multilateral ABS regimes (Figure1) insistently require that genetic resources for development of new varieties should be available to all without the need to track their origin, and that the access could be facilitated by the holders of genetic resources under Standard Material Transfer Agreement (SMTA). The intent for benefit sharing from the commercial successes based on the material thus accessed, however, would be a part of such agreement, SMTA.

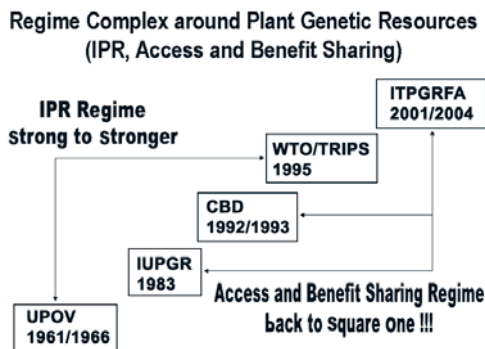


Fig.1— Evolution of global IPR/PVP, access and benefit sharing regimes

The Indian PPV&FR Act has also made adequate benefit sharing provisions to share the commercial benefits from protected plant varieties with the owners of initial varieties or germplasm, or the conservers of genetic resources. However, the enforcement provisions of the benefit sharing arrangements under the IPR regime are yet far from being clear. The part of the benefit to be shared, which the respective authority or the governing body may decide, has to be contributed by the title holder to a gene fund rather than being given individuals and the mechanism of actual sharing, both global and national, with the concerned persons is unclear.

It is also seen under Article 70.4 of the TRIPS Agreement that the WTO members were required to at least provide payment of equitable remuneration where ever they may make any provision to limit the remedies available to the right holder. In this context, the provision made by Thailand in their PVP Act, B.E. 2542 (1999) on the use of farm saved seed by farmers has quantified the upper limit of exemption i.e. three times the quantity obtained through purchase. Beyond this limit, the farmers are expected to compensate the right holder with an equitable remuneration. The Indian PPV&FR Act, on the other hand, has not quantified any upper limit of farm saved seed exempted for reuse by farmers. Rather it does not permit any commercialization of farm saved seed as ‘branded seed’⁸. A justification for this provision has also been made in the Act, which is based on the fact of prior existence of such entitlement before the Act came into force.

Is Indian PPV&FR law an ‘Effective’ *Sui Generis* System?

Considering that the legislation is broadly in conformity with the global understanding on the subject, it is the enforcement that would determine the effectiveness. However, in the absence of any Indian case law so far, the implementation part is yet to be properly understood. Nevertheless, effectiveness of the system would obviously revolve round the effective realization of rights and obligations provided for in the Act. To analyse this situation, let us observe that the implementation of PPV&FR Act revolves round the core institutional mechanism provided by the PPV&FR Authority and the PPV&FR Registry, various enforcement provisions made in the Act, and also the provision for speedy legal remedies and recourse by the PVP Appellate Tribunal (Figure 2). As a transitional arrangement, the Act also provides

that the existing Appellate Tribunal under the Trade Marks Act, 1999 would hold for the purposes of PPV&FR Act⁹ till the regular Appellate Tribunal is appointed separately. For this and other similar reasons, it would be desirable that the PPV&FR Authority establishes liaison and linkage with the institutional mechanism established for other IPR laws in the country.

It is a legal binding in India that the PPV&FR Authority and Registrar have all the powers of a Civil Court as per Section 11(a) of the Act and the orders passed by them are executable as a decree of a Civil Court as per Section 11(b) of the Act in all proceedings for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, compelling the discovery and production of documents, issuing commissions for the examination of witnesses, etc. Further, all appeals for the orders/decision of Authority/Registrar will be made to the PVP Appellate Tribunal as per Section 56 of the Act for the purposes of registration of variety, registration of agent/licensee, claim for benefit sharing, revocation/modification of compulsory license, and payment of compensation made as per Section 54 of the Act. As already observed, the Trade Marks Appellate Tribunal shall be functioning as PPV&FR Appellate Tribunal as well, in the transition phase; thus, there is no gap in the enforcement provisions from day one of the implementation of the Act. Further, the Act provides that suits for the infringement of the breeder's rights shall be filed as per Section 65 of the Act in a District Court, or a Superior Court, within the local limits of whose jurisdiction any act of infringement of breeder's right is committed. This provision is clearly aimed at avoiding delay in the settlement of IPR related

disputes, which is otherwise possible in lower courts due to long queues of pending cases.

During the period between filing of application for registration and decision taken by Authority on application, the right holder shall enjoy provisional protection of his variety against any abusive act committed by any third party. In case of any act of such abuse the right holder may bring it to the notice of Registrar PPV&FR who is entrusted with the powers to issue directions in such cases as per Section 24(5) of the Act, and also powers of a Civil Court to protect the interests of a breeder.

As a result of grant of PVP certificate, a title holder of a registered variety can exclusively use the variety on his own or through agents/licensees/inheritors/successors/assignees for the entire term of its protection, excluding others from unauthorized production, sales, marketing, distribution, import or export of propagating material of the protected variety. Whereas, registrar and the PPV&FR Authority shall administer the grant, maintenance, revocation, and cancellation of breeder's right or any correction of entry in the register, if applicable, or the registration of agents/licensees of breeder for a particular registered variety. In terms of the restriction of breeders' right, the PPV&FR Authority invites any claims for benefit sharing by publishing the particulars of the registered variety in *Plant Variety Journal of India*, gives opportunity to breeder to be heard, and decides on benefit sharing. The PPV&FR Authority also admits cases, hears and decides on grant of compulsory license, if any, setting the term and conditions and limitations of compulsory license, and grant and quantum of remuneration to the breeder for the compulsory license.

In case a breeder is aggrieved with any order or decision of the Authority or Registrar that affects his entitlement rights, he may make an appeal before the PVP Appellate Tribunal. Such appeals will be admitted and disposed of in respect of the following matters; (i) registration of varieties, (ii) registration of agents/licensees, (iii) revocation or modification of compulsory license, and (iv) payment of compensation made under the law. Further, if a breeder notices an infringement of his entitlement right, he may approach any Court (but not inferior to a District Court) in whose jurisdiction any act of alleged infringement occurs. District Courts will admit such cases of alleged infringement under Section 65.

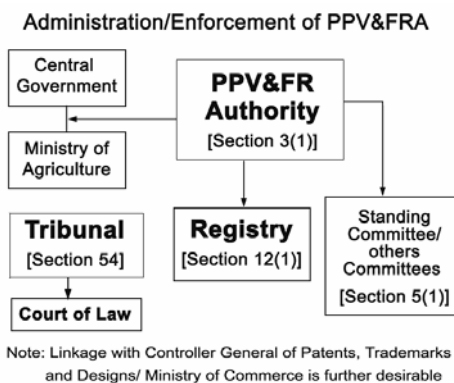


Fig. 2— Administration and enforcement mechanism for the PPV&FR Act, 2001

The Act has provisions for the registration of agents and licensees, and has also accorded rights to them. For example, to prevent infringement of Breeder's Right, a registered agent may institute legal proceedings in his own name as per Section 28 (6) of the Act. However, he may have to do so only after giving information of infringement and 3 months' time to the title holder to take proceedings to prevent it. In such proceedings, the breeder shall be added as defendant. He shall not be liable for any costs unless he enters an appearance and takes part in the proceedings as per Section 28 (7) of the Act. Further, unless validity of registration is challenged, certificate issued by Registrar shall be the conclusive proof of entitlement of agents/licensees along with conditions/restrictions, if any as per Section 28 (5) of the Act. The Act also provides that the registered agent/licensee not entitled to transfer the right any further as per Section 28 (8) of the Act.

Enforcement of IPR over the Proprietary Imported Goods

The right holders of IPR are entitled to export and import their proprietary products for commercialization and trade. However, there are risks of infringement of their IPR in the trans boundary movements. Until the year 2007, the Customs Act, 1962 prohibited import of goods infringing trademarks and designs under a notification issued in 1964. IP holders had to make an individual complaint at court for each infringing consignment and Customs did not keep a lookout for infringing goods without a court order. Further, Section 4 (Articles 51 to 60) of the TRIPS Agreement on 'Special Requirements Related to Border Measures' envisaged the need to define the role of Customs precisely in combating IPR infringements at the borders. Accordingly, new rules were notified under the Customs Act, 1962. These rules are known as Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, which allow the title holders of IP in India, including copyright, trademark, patent, design, and geographical indications, to register their IPR with the customs authorities as per prescribed procedures, Section 3 of the rules 2007.

This new arrangement *inter-alia* provides for: (i) filing of a notice by the right holder; (ii) registration of said notice by the Customs; (iii) a time limit for right holders to join proceedings; (iv) a single point for registration of the notice filed by the right holder; (v) adequate protection to the rightful

importer; (vi) adequate protection to the Customs for bonafide act; (vii) *suo-moto* action by the Customs in specified circumstances; (viii) disposal of the confiscated goods; and (ix) no action against goods of non commercial nature contained in personal baggage or sent in small consignments intended for personal use of the importer.

Thus, it is clear that although enforcement of IPR is the individual concern of the title holders, which can to the most be only facilitated by the Government authorities in lieu of specific notice to them under a law, yet these authorities may be able to take action on their own initiative once they are duly informed of the prevailing IPR and if they believe during the course of their routine duties that those IPR are being infringed. Further, as a trade facilitation measure enabling right holders to file the notice electronically, a user friendly web-enabled application form may be available at the Indian Customs and Excise website, <http://www.icegate.gov.in>. India has, thus, definitely taken a step forward to provide an IPR friendly environment. Nevertheless, since extreme caution needs to be exercised at the time of determination of infringement for patent, design and geographical indications, the Customs would still need judicial pronouncement.

Conclusion

From the foregoing discussions, it is justifiable to mention that the Indian PVP law is TRIPS compatible and also an effective *sui generis* system. IPR friendly environment is being developed at the Indian ports of entry for the proprietary goods under import but plant varieties are yet to be included in that list. Further, there are a few other indirect reflections on what is the Indian *sui generis* system of IPR, access and benefit sharing stand for at the moment. These constitute some of the provisions made under the Biological Diversity Act, 2002¹⁰ with respect to the entitlement for IPR protection over the Indian sovereign bioresources or their derivative products; or under the Patents Act, 1970¹¹ in respect of the requirement of disclosure for source and geographical origin of the biological materials used in an invention, and similar disclosure of anticipation of the invention through prior knowledge oral or otherwise. There are hardly any case laws in relation to these provisions as well.

Hence, it is too early to analyse and comment upon the overall conformity or effectiveness of the entire system put in place under the Indian IPR regime. This is particularly because the benefit sharing

mechanisms (both global¹² and national¹³) are untested so far. These mechanisms and tools are only subjective and may not be duly anticipated for individual situations. Further, globally, the areas of management of genetic resources and traditional knowledge to use these resources, etc., are still under negotiations¹⁴ and there is no common understanding arrived at so far.

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References

- 1 The Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001 (53 of 2001).
- 2 Under Article 65 of the TRIPS Agreement, a total of 10 years of grace period was provided to the developing country members of WTO that were in the process of transition, for delaying the application of the provisions on product patents (Section 5 of Part II of TRIPS Agreement) in their respective jurisdictions.
- 3 As per Article 27.3(b) of the TRIPS Agreement, (WTO) Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof.
- 4 Some other country PVP laws, for example, the Plant Varieties Protection Act, B.E. 2542 (1999) of Thailand and the Plant Variety Protection Act, 2002 of Philippines, have also developed and implemented their PVP laws in conformity with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) that have provisions over and above the standards provided by the UPOV.
- 5 The standards for protection that a variety should meet in order to qualify for registration and protection under the PVP law include; (commercial) Novelty, Distinctiveness/Distinctness, Uniformity, Stability (DUS), and distinct Denomination.
- 6 Nijar Gurdial Singh, Third World Resurgence No. 106, June 1999.
- 7 ICAR 1996, Fifty Years of Agricultural Research, Indian Council of Agricultural Research, New Delhi. Individual chapters on different crops depict that many Indian bred materials have been commercially successful in different countries.
- 8 Section 39.1(iv) a farmer shall be deemed to be entitled to save, use, sow, resow, exchange, share or sell his farm produce including seed of a variety protected under this Act in the same manner as he was entitled before the coming into force of this Act : Provided that the farmer shall not be entitled to sell branded seed of a variety protected under this Act. *Explanation* : For the purposes of clause (iv), 'branded seed' means any seed put in a package or any other container and labeled in a manner indicating that such seed is of a variety protected under this Act.
- 9 Technical member(s) conversant with PVP matters can be additionally included in the existing tribunal as per need.
- 10 Chapter II, Section 6 (1): No person shall apply for any IPR in any form, in or outside India for any invention based on any research or information on a bioresource obtained from India without approval of National Biodiversity Authority (NBA) before making such application. If a person applies for a patent, permission of NBA may be obtained after acceptance of patent but before sealing. NBA shall dispose of such applications within 90 days; and sec. 6(4): Where a PVP title is granted the concerned authority shall endorse a copy of such document to NBA.
- 11 Section 10(d) requires disclosure of source of biological material used in the invention and Section 25 clarifies that non-disclosure or wrong disclosure of source or geographical origin of a biological material used in the invention and anticipation of the invention through prior knowledge oral or otherwise within any local or indigenous community constitute additional grounds for opposition.
- 12 Multilateral Benefit Sharing is provided for as per the Standard Material Transfer Agreement (SMTA) under the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA), and the Bonn Guidelines under the Convention on Biological Diversity (CBD).
- 13 Benefit sharing provisions under the PPV&FR Act, 2001 and also the Biological Diversity Act, 2002
- 14 The World Intellectual Property Organization (WIPO) has provided platform for the Inter-Governmental Negotiations on Genetic Resources, Traditional Knowledge and Folklore, <http://www.wipo.int>.