Disputes Under the Plant Breeder's Rights Act: South Africa's Process of Appeals

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I. Introduction

South Africa has only had a small number of court cases concerning infringement of plant breeder's rights.\(^1\) Spanning a 26-year period, the only known cases involved Sugraone table grapes, a potato variety, a rose, a canna, a strawberry, a calla, a pepper variety.\(^2\) Most infringement disputes concerning plant breeder's rights settle out of court.\(^3\)

This e-brief will focus on two of these disputes. First, this e-brief will summarize a decision of the Plant Breeder's Rights Appeal Board concerning the Sugraone variety. Second, this e-brief will summarize a judgment of a South African court concerning the Canna Phasion variety. Both of these opinions are analyzed using the Plant Breeder's Rights Act No. 15, of 1976.\(^4\) Specifically, this e-brief will focus on the following issues: how appeal boards use UPOV to interpret South African legislation, the importance of a description on a Plant Breeder's Rights application, and the balance of authority between South African courts and the discretionary powers of the Registrar.

II. Decision of the Plant Breeder’s Right Appeal Board

Decisions of the Registrar can be appealed to the Minister of Agriculture\(^5\), who shall call an appeal board.\(^6\) In the matter between Deciduous Fruit and Sunworld, Inc. Sugraone, a seedless grape, was the subject before the appeal board.\(^7\) The appeal board emphasized that under the Plant Breeder's Rights
Act, it is given wide discretionary powers. These discretionary powers were generously exercised in this appeal by allowing generous extensions for filing documents by the parties so that the appeal board would have all the relevant facts. Additionally, during the hearing, the appeal board allowed additional grounds for appeal to be presented which was a deviation from the accepted practice in this area.

The board noted that the Plant Breeder's Rights Act is unique and able to stand on its own. Furthermore, the board must be mindful of its similarities with all South African intellectual property laws, including patents and copyright. It is in this context that the board examined the facts of this case.

a. Facts of the Matter

John Garabedian discovered Sugraone and received a United States Plant Patent in April 1972. Garabedian assigned the right to Superior Farming Company, a Nevada corporation. Superior Farming in turn assigned the right to Western Fruit Acquisition Inc., Western Fruit subsequently changed its name to Superior Farming Company, a Delaware corporation. Superior Farming of Delaware then merged with Sunworld Inc. giving Sunworld the assignment to the plant breeder's right for the variety Sugraone. In the context of these facts, the appeal board examined several issues; the focus of this section is whether Sunworld was entitled to apply for the right since the variety was not new.

b. Whether Selling The Harvested Material Of The Variety Destroys Novelty

Deciduous Fruit first argued that the Sugraone variety was not new. This argument was based on Regulation 3(1)(c) which stated that at the time of application, propagating material shall not have been sold in South Africa for longer than one year or sold for
longer than six years in a convention country. Sunworld sold the harvested material, or the fruit of the Sugraone variety; however, no propagating material was sold. Sunworld and its predecessors were successful in ensuring that propagating material was not made commercially available outside of South Africa at least six years before filing. Therefore, the appeal failed on this ground.

c. Whether Assignment of the Plant Breeder’s Right Destroys Novelty

Deciduous Fruit next argued that the assignment of rights, which necessitate the transfer of propagating material, would constitute a sale. If wide interpretation of “sold” were accepted, the transfer from the original breeder, John Garabedian, to Superior Farming would have been novelty destroying. However, the appeal board interpreted “sold” narrowly. The board concluded that the assignment of the plant breeder’s right for the Sugraone variety to Superior Farming was not a general “sale” in the sense that it was sold openly and commercially to the public. The Appeal Board concluded that a narrow interpretation of sold was necessary. Therefore, the board concluded that the assignment of all proprietary rights to the Sugraone variety, which necessarily included sale of propagating material, to Superior Farming was not a general “sale,” in the sense that it was sold openly and commercially to the public. Instead the board concluded that it was merely a transfer of intellectual property rights. A transfer of intellectual property rights is not novelty destroying and the appeal failed on this ground.

d. Whether Sugraone Is Distinguishable From Any “Other” Variety

Deciduous Fruit then argued that Sugraone existed and was known by other names at the time of application. Deciduous Fruit further argued that the variety was not new; and therefore, the Registrar should not have granted the right. Sugraone was genetically identical to other varieties including Superior Seedless, Black Cat,
Berenda White, JD Seedless, SS77, and White Sultana that were known at the time of filing. xxv
Superior Seedless and Black Cat were granted plant breeder’s rights in other convention
countries, and Deciduous argued that this would have precluded Sunworld from obtaining a right
in South Africa. This argument is based on Regulation 3(1)(c) which stated a variety shall be
deemed new and not a matter of common knowledge if

“it is by reason of any important characteristic clearly distinguishable from any
other variety of the same kind of plant, the existence of which is a matter of
common knowledge at the time of the application of for the relevant plant
breeder’s right.” xxvi

The argument hinged on whether or not emphasis should be placed on “other” in reference to “other variety.” xxvii If emphasis were placed on “other,” protection for Sugraone would have been excluded for protection under regulation 3(1)(c) because Sugraone was not different from varieties known by other names, including Black Cat and Superior Seedless. However, the Appeal Board concludes that these varieties, known by other names, are genetic equivalents. Therefore, simply because Sugraone is known by a different name does not mean that it is not distinguishable from any “other” variety, and the appeal failed on this ground.

e. Whether Having A Plant Breeder's Right In Another UPOV Convention Country
   Destroys Novelty

To determine whether the variety Sugraone was “new” and a “matter of common knowledge,” the board noted that regard can and should be given to the UPOV Convention. Deciduous Fruit argued that if the variety had been granted in another convention country, it could not meet the novelty requirement in South Africa. The board looked to the UPOV Convention, as it existed as of the date of filing to interpret the regulation. xxviii The board noted that as a UPOV member, South Africa’s legislation must conform to the requirements of the latest UPOV Convention. xxix In fact, South Africa submitted the 1996 amendment to the Plant Breeder’s Rights Act to UPOV for approval prior to passing it in South Africa. xxx In interpreting the South African Regulation, the
board examined Article 6 of the UPOV Convention. UPOV, as amended in 1978, Article 6 stated:

“...the variety must be clearly distinguishable by one or more important characteristics from any other variety whose existence is a matter of common knowledge at the time when protection is applied for. Common knowledge may be established by reference to various factors such as: cultivation or marketing already in progress, entry in an official register of varieties already made or in the course of being made, inclusion in a reference collection, or precise description in a publication. The characteristics which permit a variety to be defined and distinguished must be capable of precise recognition and description.”

Deciduous Fruit argued that Sugraone was described in a publication accessibly to the public and therefore was a matter of common knowledge. Specifically the publication referred to is a description of the Sugraone variety in the United States Plant Patent Journal. The board decided that UPOV would not support precluding filing in South Africa for a plant breeder's right simply because a right for the same variety had been granted in another convention country. In dicta, the board commented that Regulation 3(1)(c) could be stated more clearly, but that the spirit of the act would not allow deeming all varieties protected in other convention countries a matter of common knowledge. Therefore the board concluded that Sugraone was new at the time of filing. The board dismissed the Deciduous Fruit's appeal on all grounds asserted and Sunworld's plant breeder's right for the variety Sugraone remained intact.
III. Judgment By South African Court

In the matter between Weltevrede Nursery (PTY) LTD and Keith Kirsten’s (PTY) LTD, the plant variety at issue was Canna Phasion. In this case, the court examined several issues including the description of the variety in the register, who was the lawful applicant and holder of the plant breeder's right, and novelty of the variety. Ultimately, the court terminated Kirsten's plant breeder's right for the Canna Phasion variety.

a. Sufficiency of Description

The sufficiency of the description in the register is the first issue examined by the court. The court noted that the description in the register “delineates the applicant's monopoly and proclaims to the general public the forbidden territory.” Therefore the description is crucial for placing the public on notice of the scope of the plant breeder's right. The Act requires that a new variety be distinct. The Act defines distinct as “clearly distinguishable from any other variety.” The element of distinctness must appear in the description of the register.

The application form filed with the Registrar for the Canna Phasion contained no description. After the Registrar undertook tests and trial for the variety, the Registrar entered a description in the register setting out the plant’s height, leaf shape, length, width, and color. However, this description was inaccurate in that it failed to adequately describe the color of the Canna Phasion leaf. Without an accurate description, a member of the public could not have determined the scope of the protection; and no one could have opposed the application for the right. Therefore, the
court held “a prescribed mandatory requirement of a description of a new variety was not complied with.”

b. Who Can Apply for a Plant Breeder's Right

The second issue concerned whether Morgenzon, an agent of Kirsten, was entitled to apply for and receive the plant breeder's right. The Act required that the breeder, and the breeder only to apply for the right. The application claimed that Kirsten discovered the variety. However, Kirsten saw the plant for the first time in the garden of a plant nursery. Therefore, Kirsten did not discover the plant and was not entitled to apply for the right. The court held this was a material misrepresentation that without which the Register would not have granted the right.

c. The Novelty Requirement

To determine novelty the court must determine if the variety was a matter of common knowledge, distinct, homogenous, and stable. Common knowledge is distinguished from public knowledge. The latter merely requires knowledge that is available to the public. However, common knowledge refers to knowledge of the average person in the art. The standard of common knowledge in this case is whether persons in the horticulture world knew of a Canna Phasion with identical leaves before the application date. The evidence presented proved that it was a matter of common knowledge at the date of application. Therefore, Canna Phasion did not meet the novelty requirement.

d. Holding of the Court

The court determined that Kirsten was not the holder of a valid plant breeder's right. The court rationalized that Kirsten must suffer the consequences of its misrepresentations since the “responsibility for the accuracy of an application for plant breeder's rights rest fairy and squarely upon the applicant.”
The Act provided that: the Registrar may terminate a plant breeder’s right prior to expiration if: the holder of the plant breeder’s right is ordered to terminate the plant breeder’s right by an order of court. What this means is that if a court finds a right void, it must order the holder to terminate the right, in which event the Registrar must exercise his or her discretionary powers to terminate the right. By giving the Registrar discretionary powers, may the Registrar ignore the court order to the breeder to terminate the right? The court rejected the notion that the Registrar would be able to ignore a court judgment in the exercise of administrative discretion. The court concluded that even if the Registrar could exercise discretion, the facts did not warrant such a result in favor of Kirsten in this case.

IV. Conclusion

Both Appeal Boards and the South African courts hear appeals under the Plant Breeder’s Rights Act. Both the Decision of the Appeal Board and the Judgment of the South African court examined the issue of novelty. Particularly, both investigated whether the varieties were a matter of common knowledge, which would have destroyed novelty. The court judgment defined common knowledge as knowledge of the average person in the art. Under this definition, the court determined that because persons in the horticultural world knew of the variety, Canna Phasion did not fulfill the requirements of novelty. The court examined evidence to establish novelty as if it had never been established. While the Appeal Board looked to Regulation 3(1)(c) which states a variety shall be deemed new and not a matter of common knowledge if “it is by reason of any important characteristic clearly distinguishable from any other variety of the same
kind of plant, the existence of which is a matter of common knowledge at the time of the application of for the relevant plant breeder's right.” Under this interpretation, the appeal board determined that Sugraone satisfied the novelty requirement. The Appeal Board seemed to create a presumption that novelty was satisfied and allowed Deciduous Fruit to present arguments to rebut that presumption. Both of these decisions illustrate the importance of the novelty requirement. Additionally, if novelty is not met both South African courts and Appeal Boards have the authority to invalidate a plant breeder's right.

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ii Id.
iii Id.
iv Both the Decision of the Appeal Board and the Judgment were analyzed using the South African Plant Breeder’s Right Act. No. 15 of 1976, or the un-amended act. The Plant Breeder’s Rights Act was amended most recently in 1996. The provisions addressed in this e-brief remain the same in the un-amended and amended act.
v Plant Breeder’s Rights Act/Section 42(1)

For an in depth discussion of the appeal board process as established by the plant breeder’s rights, see the e-brief titled Intellectual Property Rights for Plant Varieties: South Africa and the UPOV Convention By Andrea Baker, available at http://www.okjolt.org

vi Plant Breeder’s Rights Act/Section 42(2)(a)
vii Matter between Deciduous Fruit Board and Sunworld, Inc, (Undated Opinion, South Africa) at page 1 [Hereinafter referred to as Sunworld]
viii Sunworld at page 1

Plant Breeder’s Rights Act/Section 42 grants discretionary powers to appeal boards and particularly to the chairman of such boards

ix Sunworld at page 1-2
xi Id.
xii Id.

Sunworld at page 2

xiii Id.
xiv Sunworld at page 3, United States Plant Patent No. 3106

Matter between Weltevrede Nursery (PTY) LTD and Keith Kirsten (PTY) LTD, Case No. 515/2002 (South Africa, 2003) at page 2 [Hereinafter referred to as Kirsten]

Kirsten at page 32
Kirsten at page 9
Kirsten at page 10
Kirsten at page 10
Kirsten at page 11
Kirsten at page 12
Kirsten at page 12
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