Law Council
OF AUSTRALIA

Business Law Section

24 November 2026

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Dear IP Australia

2026 Discussion Paper on Essentially Derived Varieties

1. The Intellectual Property Committee of the Business Law Section of the Law Council of Australia (the **IPC**) thanks IP Australia for the opportunity to respond to the 2026 Discussion Paper on Essentially Derived Varieties (**EDVs**).

2. Set out below are responses to various of the questions in the Discussion Paper. In some cases, we expressly refer to our previous submission on an issue, contained in our response either to the Consultation Paper on proposed changes to the UPOV Explanatory Notes on EDVs (**2021 submission**) or to the Independent Reports from the University of Queensland (**2023 submission**).

3. Where there is no response to a question, that is because we have no comment to make on the issue.

"Important features"

Q1. Do you agree that the term "important features" causes confusion? If so, why?

4. **No**, the IPC does not consider that the term "important features" causes confusion. The IPC considers that the term is quite clear—it means features of the initial variety that are important to the initial variety.

5. The IPC acknowledges that, in the absence of Australian jurisprudence, it may be difficult to know what makes a feature "important", and hence difficult to determine in any particular case whether or not a feature is "important". However, difficulty in determining the application of a provision is not the same thing as the provision causing confusion.

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Q2. How would you define features that are important to a variety? Please provide practical examples.

6. The IPC considers features of a variety to be important when those features make a substantial contribution to the commercial attractiveness of the variety.

7. An example is provided by the varieties in issue in the recent UK decision *Nador Cott Protection SAS v Asda Stores Limited* [2026] EWHC 553 (Pat). In that case, the characteristics of the second variety of mandarin orange (the variety alleged to be an EDV of initial variety) are that: it does not have viable pollen (characteristic A); and it is seedless when cross-pollinated (characteristic B).

8. In the IPC's view, characteristic A is an "important feature" of the second variety, for the following reason. Removal of the potential for cross-pollination of another variety makes a substantial contribution to the commercial attractiveness of the second variety to a grower who is growing both the second variety and another variety that might be susceptible to cross-pollination, because it precludes unwanted cross-pollination from occurring.[1]

"Essential characteristics"

Q3. Should IP Australia clarify the current definition of essential characteristics in the PBR Act? If so, should IP Australia retain, amend or supplement it with guidance, and why?

9. **No**, the IPC considers that the current definition of "essential characteristics" does not require or warrant clarification. In the IPC's view, there is nothing about the current definition that is not clear.

10. The IPC notes that the court in the *Nador Cott* case at [91]–[92] referred, without disagreement, to the view of one European commentator (https://www.weblegal.it/wp-content/uploads/2019/03/WL-white-paper-on-EDV.pdf) who "praises the certainty of the Australian approach (which also includes a definition of 'essentially characteristics')", and to the view of another European commentator (https://academic.oup.com/grurint/article-abstract/70/1/11/6030001?redirectedFrom=fulltext) who "proposed an alternative framework for EDV determination, consistent with the Australian approach". That these commentators prefer the Australian approach to the approaches adopted in the *UPOV Convention* and the *EU Plant Variety Regulation* seems to provide support for the view that the Australian definition of "essential characteristics" should not be amended.

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[1] The same argument might be made about characteristic B. Removal of the potential for seeded fruit resulting from cross-pollination of the second variety makes a substantial contribution to the commercial attractiveness of the second variety to a grower, because seedless fruit is preferred by purchasers of mandarin oranges.

Q4. Should IP Australia incorporate the description of essential characteristics in the UPOV Explanatory Notes into the PBR Act or explanatory material to the Act? If you favour this approach, should IP Australia incorporate the description in full or only in part? Please explain why.

11. **No**, the IPC considers that it is neither necessary nor desirable to incorporate into either the PBR Act or the Act's explanatory material the description of essential characteristics set out in the UPOV Explanatory Notes. The substance of the UPOV Explanatory Notes description is already in the PBR Act, by virtue of the Act's section 3 definition of "essential characteristics". The IPC doesn't think that there is anything to be gained by adding to that definition, whether that be through the provisions of the Act or in some explanatory material.

Relationship between "important features" and "essential characteristics"

Q5. Do you think the reference to 'important features': (a) imposes additional requirements beyond the 'essential characteristic' requirement, (b) imposes no additional requirements, or (c) is unclear whether it imposes additional requirements? Where possible, please provide practical examples to support your views.

12. The IPC believes it is likely that the current reference in section 4(c) to "important features" imposes **additional requirements** beyond the "essential characteristics" requirement of section 4(b). This is because the section 4(c) reference is qualified by the words "(as distinct from cosmetic)".

13. Consider the situation where the initial variety is an ornamental which has two essential characteristics: dwarfism (characteristic C), and variegated foliage (characteristic D). Where the second variety has characteristic C but not characteristic D, it satisfies the section 4(c) requirement because the only differentiating feature is a cosmetic difference (assuming, as is quite possible, that "cosmetic" is interpreted to mean "aesthetic"—see response to Q6, below), but it does not satisfy the section 4(b) requirement because it does not retain both of the essential characteristics of the initial variety.

14. However, if the words "(as distinct from cosmetic)" were to be deleted from section 4(c), then it can be argued that the section imposes no additional requirement. This is because it can be said that where the second variety exhibits an important feature that differentiates it from the initial variety, the *absence* of that feature is an essential characteristic of the initial variety.

15. Consider the situation in the *Nador Cott* case (discussed under Q2, above). In that case, the initial variety of mandarin orange had the characteristics that: it produces viable pollen which, under conditions of open cross-pollination, will generate seeds in the fruit of other compatible citrus varieties (characteristic E); and its fruit contains seeds when it is cross-pollinated by pollen of compatible citrus varieties (characteristic F). Characteristic E of the initial variety (produces viable pollen) is the opposite of characteristic A of the second variety (no viable pollen). Thus, it can be

said that the second variety is not an EDV of the initial variety for two different reasons: (i) it does not retain an essential characteristic of the initial variety (characteristic E), and it differs in an important feature (the absence of characteristic A).[2] While these reasons are different, in that they have a different legal basis, they derive from the same factual basis—namely, characteristic E. In this way it can be argued that the section 4(c) requirement in practice adds nothing to the section 4(b) requirement.

16. It is acknowledged, however, that the universal applicability of this argument is not certain. It seems possible that there may be some instances where the absence in the initial variety of an important feature of a second variety is not an essential characteristic of the initial variety. For this reason, the IPC considers it is important that the relationship between the two requirements be clarified.

17. The IPC is inclined to the view that this clarification is best achieved by deleting section 4(c). Doing this would align the Act much more closely with the wording of the equivalent provision in the UPOV Convention and in the legislation of many UPOV members, including the UK. This, in turn, would mean that the jurisprudence of those UPOV members would inform the understanding of the interpretation and application of the Australian provision—which is particular helpful, given the paucity of litigation under the Act.

Q6. Does the phrase "as distinct from cosmetic" create uncertainty where an aesthetic feature is commercially or technically important?

18. **Yes**, the IPC considers that the inclusion of the words "(as distinct from cosmetic)" in the section 4(c) requirement in the definition of "essentially derived" creates uncertainty. The uncertainty is whether an important aesthetic feature is a "cosmetic feature" or an "important feature". This uncertainty arises because a "cosmetic" feature can be either one that goes to "appearance" or one "that does not really affect its basic character" (see, e.g., https://dictionary.cambridge.org/dictionary/english/cosmetic). While we suspect the legislature intended the latter meaning, the former meaning is also plausible.

19. Consistent with its 2023 submission on this issue, the IPC proposes that the words "(as distinct from cosmetic)" be deleted from section 4(c). If those words are deleted from section 4(c), then the IPC proposes that the relationship between section 4(b) and section 4(c) be clarified (see response to Q5, above).

[2] The same argument can be made about characteristics F and B in the *Nador Cott* case.

Improving the EDV process

Q16. What information should IP Australia make available about the EDV process and EDV decisions? For example, would more detailed guidelines help?

20. The IPC repeats the recommendation it made in its 2023 response that greater transparency should be sought around how essential derivation is assessed in Australia, and that this might be achieved by informational resources such as explanatory guidelines for essential derivation.

Q17. Would more information about concepts such as 'predominant derivation', 'essential characteristics' or 'important features' reduce uncertainty about terminology?

21. **Yes**, the IPC believes that more information about these concepts would reduce uncertainty about the terminology. (It can't see how it could not.)

Q18. Would publishing EDV decisions be useful?

22. **Yes**, the IPC believes publishing EDV decisions would be useful, so long as those decisions set out the facts relevant to the decision and provided substantial reasoning for the decision. Doing this would assist other breeders of initial varieties and second varieties to assess the likelihood of an EDV determination being made in respect of their variety.

Q19. If IP Australia published EDV decisions, what level of detail should it make publicly available? For example, should IP Australia publish decisions in full, in redacted form, as de-identified summaries, or through another approach? Please explain your reasons.

23. To provide the maximum guidance to breeders of other varieties, EDV decisions (with relevant facts and reasoning for decision) should be **published as fully as possible,** subject to the parties being able to maintain the confidentiality of commercially sensitive material.

Q20. Should the PBR Registrar continue to make EDV determinations, or should EDV disputes be determined by a court? Please explain your reasons.

24. The IPC considers that the **PBR Registrar**, rather than a court, should make EDV determinations.

25. The Registrar has greater expertise and experience than has a court in assessing phenotypical and genotypical similarities and differences between plant varieties.

Moreover, the curial process seems less well suited to efficiently undertaking the assessment of the factual issues that an EDV determination raises. By retaining responsibility for EDV determination within the PBR Registrar's Office, the speed and cost of obtaining a determination should be lower than if it is done in a court, with no substantial (if any) lessening of the correctness of the determination.

Q21. Would your answer to the previous question differ if IP Australia lowered the threshold for establishing essential derivation? Please explain.

26. **No**, the IPC would not answer the question differently if the threshold for establishing essential derivation were lower. The IPC does not see how lowering the threshold would enable a court to make an EDV determination more quickly, at lower cost or more correctly than would the PBR Registrar.

Q22. What costs, benefits and accessibility impacts would moving EDV determinations to the courts have, including for smaller breeders?

27. The IPC considers that moving EDV determinations to the courts would have the impact of increasing the time and cost of obtaining a determination, for the reasons given in response to Q20, above.

Q24. Do you have any other comments or concerns about Australia's approach to EDVs that are not addressed in this paper?

Definition of "predominantly derived"

28. The IPC repeats the recommendation it made in its 2023 response that a definition should be provided for the words "predominantly derived" in section 4(a) of the Act, for the reasons given in 3.3.2 of the University of Queensland Report. However, if a suitable definition of "predominantly derived" can't be identified, then the IPC recommends that consideration be given to deletion of "predominantly" from section 4(a).

Requiring applicants to identify the variety's essential characteristics

29. The IPC repeats the recommendation it made in its 2023 response that, if uncertainty about the correct meaning of "essential characteristics" persists, consideration be given to requiring PBR applicants to specify the essential characteristics of their variety at the time of grant.

30. Upon further consideration, the IPC is no longer certain that the costs of making this change as listed in 3.3.11 of the University of Queensland Report will never be outweighed by the listed benefits of doing so. 'The Report's primary listed cost is that breeders will be incentivised to claim as many characteristics as possible. However, given it is arguable that essential characteristics are also important features of a variety (as explained in our response to Q5, above), then the greater the number of

essential characteristics that are claimed for the initial variety, the more likely it will be that the second variety exhibits an absence of one of those characteristics—and hence the more likely it is that the second variety falls outside of the definition of an EDV by virtue of failing to meet the requirement of section 4(c). Accordingly, there does not appear to be any EDV-related incentive for the breeder of an initial variety to claim as many characteristics as possible.

Lower thresholds for protection in Australia compared with in other jurisdictions

31. The IPC repeats the recommendation it made in its 2023 submission that great care be taken when contemplating having threshold requirements for gaining PBR protection (including through extension of rights to EDVs) that are lower in Australia than in other jurisdictions. Lowering the threshold may have the effect of locking domestic breeders into just the domestic market. That is, if the new variety developed here avoids being an EDV only because of a narrow definition specific to Australia, the breeder may be unable to obtain unqualified exclusive rights in overseas markets where the definition of EDV is wider. The IPC is not sure that this is the desirable policy setting. Furthermore, experience in the context of other intellectual property rights regimes, such as the petty patent and the innovation patent, suggests that foreign right owners, particularly the more sophisticated users of the regimes, become aware of the eccentricities of the Australian system and exploit them adeptly. While the IPC does not have any evidence that this is happening with PBR, it recognises the potential for this to occur.

Comparison with patent law

32. The IPC repeats the observation that it made in its 2021 submission that, while there are many differences in detail, there are sufficient fundamental similarities between the PBR regime and the patent regime to make it instructive to consider how the patent regime deals with the conceptual equivalent of EDVs. The patent law equivalent of an EDV is an “improvement invention”—that is, an invention (a second invention) that contains the features of an earlier invention (an initial invention) and adds to them.

Infringement by an improvement invention

33. Where the initial invention is patented, the exclusive rights of the patentee will be infringed by making, using, selling, etc. a second invention that contains all of the essential integers claimed in respect of the early invention. This is so whether or not the second invention is itself patented. The second invention can be patented where its additional features provide novelty and an inventive step over the initial invention. However, the incorporation of additional features into the second invention will not avoid infringement of the patent for the initial invention where the second invention embodies all of the essential integers of a valid claim to the initial invention.

34. The conceptual approach of patent law to improvement inventions is the same as the PBR law approach to EDVs. Patent law determines what is an infringing improvement invention by considering if the second invention contains all of the essential integers of the claim. PBR law determines what is an EDV by considering if the second variety retains and conforms to the expression of the essential characteristics of the initial variety.

35. Lowering the EDV threshold potentially expands the range of second varieties that can be determined to be an EDV of an initial variety. This is the equivalent in patent law of construing the claims of the initial invention more widely. UK courts in recent times have moved to construing claims more widely, in accordance with the approach mandated in the 2017 decision of the UK Supreme Court in *Actavis UK Limited v Eli Lilly and Company* [2017] UKSC 48. That approach is controversial, both within and outside the UK. While it appears that no Australian court has yet expressly considered the issue, there is nothing in existing Australian jurisprudence that suggests the *Actavis* approach will be adopted here.[3]

Compulsory licensing of initial invention

36. It can be seen that the practical effect of the patent law approach to improvement inventions is the same as the PBR law approach to EDVs. In both regimes, the developer of the second invention/variety may (or may not) hold exclusive rights to the invention/variety, but any exercise of those rights will be an infringement of the exclusive rights of the developer of the initial invention/variety. This means that the holder of exclusive rights to the second invention/variety will only be able to commercialise those rights if it obtains the consent to do so (i.e. a licence) from the holder of exclusive rights to the initial invention/variety.

37. It is not certain that, in any particular case, the holder of exclusive rights to the initial invention/variety will grant a licence to the holder of rights in the second invention/variety. Where no licence is granted, the second invention/variety will not be able to be commercialized. This represents a potential welfare loss to invention/plant variety users.

38. Compulsory licensing is a mechanism by which both patent law (*Patents Act 1990* (Cth), section 132) and PBR law (*PBR Act*, section 19(3)) can address welfare loss caused by non-availability of inventions/varieties. Although the matter is not certain, it seems likely that the power of the Registrar to grant a licence under section 19(3) to ensure reasonable public access to a variety in principle extends to doing so in respect of an EDV that cannot be commercialized due to the holder of rights in the initial variety refusing to grant a licence to commercialise the second variety. Ideally, the matter would be put beyond doubt by legislative amendment. However, the fact that the compulsory licensing scheme under the *Patents Act* has barely been used must give one pause to consider whether that type of scheme actually works to the benefit of the public.

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[3] We note that the Singapore Court of the Appeal in *Lee Tat Cheng v Maka GPS Technologies Pte Ltd* [2018] SGCA 18 determined that the *Actavis* approach does not form part of Singapore patent law.

Conclusion and further contact

39. The IPC would be pleased to discuss any aspect of the submission. Please contact the IPC Chair, Miriam Stiel [redacted] if you would like to do so.

Yours sincerely



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