

# PLANT BREEDERS EQUITY ACT OF 2002

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON COURTS, THE INTERNET,  
AND INTELLECTUAL PROPERTY  
OF THE  
COMMITTEE ON THE JUDICIARY  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SEVENTH CONGRESS

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ON

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## PLANT BREEDERS EQUITY ACT OF 2002

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THURSDAY, SEPTEMBER 19, 2002

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COURTS, THE INTERNET,  
AND INTELLECTUAL PROPERTY,  
COMMITTEE ON THE JUDICIARY,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 10 a.m., in Room 2141, Rayburn House Office Building, Hon. Howard Coble [Chairman of the Subcommittee] presiding.

Mr. COBLE. Good morning, ladies and gentlemen. The Subcommittee will come to order. I am advised that there will be a journal vote at 10:00, so we will start rolling subject to that call. We may have to spend momentarily.

Today, we will conduct a legislative hearing on H.R. 5119, the Plant Breeders Equity Act of 2002, which was introduced by our colleague and my friend, the distinguished gentleman from California, Representative Issa.

In a nutshell, H.R. 5119 responds to a change or qualification by the Patent and Trademark Office regarding the application of enabling disclosure criteria in the plant patent field. The new PTO policy now suggests that a description of an invention in a printed publication anywhere in the world more than 1 year before a patentee applies for protection, combined with the availability of the relevant plant material anywhere in the world, will bar patentability.

Representatives of the affected industry, the great majority of which are small businesses, claim this development reverses more than 70 years of subtle policy and the United States horticulturists and their overseas business partners are unsure even as to the soundness of existing patents.

The Subcommittee will explore why the Patent and Trademark Office has created what some believe is a new policy for establishing plant patentability, whether this policy is injurious to the operations of U.S. horticulture and landscaping businesses, and whether H.R. 5119 is the appropriate legislative response to these events.

I look forward to hearing from our witnesses today. Normally, the distinguished gentleman from California, Mr. Berman, who is the Ranking Member, would deliver his opening statement, but Howard sits on the International Relations Committee and I am told that he is involved with issues there and he may or may not be able to return prior to the conclusion of our hearing today.

I am now pleased to recognize the introducer of the bill, the distinguished gentleman from California, Mr. Issa, for his opening statement.

Mr. ISSA. Thank you, Mr. Chairman. I, too, like Mr. Berman, serve on International Relations. We are looking into Iraq today and so I may be going in and out.

H.R. 5119, the Plant Breeders Equity Act of 2002, is, as you said, in response to a January 2001 ruling by the United States Patent and Trademark Office. The internal policy change required PTO examiners to reject plant patent applications if a foreign-based plant breeder's rights certificate was issued more than 1 year before filing the same patent in the U.S. This change in the Patent and Trademark Office internal ruling creates a significant difference in standards between the rest of the world, including the European countries, who do have a longer period of time, at least four to 6 years of grace period, and have other provisions which we have chosen not to incorporate.

Mr. Chairman, rather than read my entire statement, because I know we have to go to the journal vote, I would like to summarize by setting a tone for this bill. Many people would say that this bill, in fact, is all about providing something more for the plant growers. I would caution this Committee that it is just the opposite, that prior to the Patent and Trademark Office ruling, there was, in fact, a virtual unlimited time, 40, 50, 60 years, and in Europe, where there is at least four to 6 years, we now have gone through a ruling that I believe has unintended consequences, from infinity to zero. This is intended to set a lower mark than had historically been, but leave a sufficient grace period to cover quarantines and developmental periods. I believe that this legislation is open to debate and changes, but the need for this type of legislation is not.

Additionally, one of the noted parts of this legislation establishes a single date. A single date is not necessary optimum, but, in fact, the Patent and Trademark Office has specifically requested not to be burdened with multiple dates based on different types of plants, and so we have introduced this with a single date.

I know that our panel would like to get started, and Mr. Chairman, I ask that my official opening statement be placed in the record.

Mr. COBLE. Without objection, that will be done.

[The prepared statement of Mr. Issa follows:]

PREPARED STATEMENT OF THE HONORABLE DARRELL E. ISSA, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I want to thank you for holding a hearing on H.R. 5119 "The Plant Breeders Equity Act of 2002."

In January of 2001, the United States Patent and Trademark Office (PTO) changed its examination guidelines for plant patent applicants. This internal policy change required PTO examiners to reject plant patent applications if a foreign based plant breeder's rights certificate was issued more than one year before filing the same plant patent in the U.S. Prior to the PTO change of policy, a plant variety could be sold outside the U.S. for an unlimited number of years without barring a species of plant to be patented as long as the variety was not sold, offered for sale or publicly used in this country for more than one year prior to its filing.

The National Association of Plant Patent Owners (NAPPO) has discussed a few potentially viable ways to address the damaging changes in examination guidelines. One option would be a judicial appeal, which could potentially lead all the way to the Court of Appeals for the Federal Circuit. This would become extremely costly

and could jeopardize hundreds of applications. Another option is for the PTO to change their policy on the examination guidelines for plant patents. Unfortunately, the PTO is confident they are on firm legal ground and will not reverse their decision at this time. A third option, a legislative approach, has support by the PTO. This approach would provide the quickest remedy to addressing the examination guidelines changes.

On July 15, 2002, I introduced H.R. 5119, "The Plant Breeders Equity Act of 2002." This bill assists breeders of horticultural crops by amending the Plant Patent Act to remedy the harm caused by a PTO legal reinterpretation. H.R. 5119 would establish a legislative remedy whereby a 10-year grace period is established for plants during which the time period for foreign plant patents will not jeopardize the U.S.'s plant patenting opportunities.

This 10-year grace period was established as a result of a recommendation by PTO to offer a single grace period in order to avoid complications. This is needed because some species may be held in quarantine by the USDA for 10 or more years because of their rigid requirements for allowing foreign species into this country.

I am certain many of my colleagues on this committee have horticulture businesses and constituents that are being adversely affected by the PTO. The ramifications of the PTO's actions have jeopardized the chances of hundreds of applicants filing for plant patents. If this legislation is not passed, numerous nursery growers and plant patent owners will suffer financially and continue to irreparably harm this industry.

I urge the chairman to schedule a mark up this bill and report this bill favorably to the full committee as soon as possible.

Again, I thank the chairman for holding this hearing on this bill.

Mr. COBLE. I will say to the panelists and to those in the audience, if you all will suspend momentarily, we will go vote and return imminently.

[Recess.]

Mr. COBLE. We will resume. I am told that there will be another vote in about an hour, so hopefully, we can get moving here.

When I introduce members of our panel, I usually do it in a detailed manner because I think we need to know the credentials that these panelists bring to the table. So bear with me as I become very detailed.

Our first witness is Jim Toupin, who became General Counsel for the U.S. Patent and Trademark Office in January 2001. In that capacity, Mr. Toupin provides all manner of legal advice and court representation for the PTO and conducts oversight of the PTO Office of the Solicitor, Board of Patent Appeals and Interferences, and Trademark Trial and Appeal Board.

From 1978 to 1985, Mr. Toupin practiced law, with concentrations in environmental and occupational safety and health law, intellectual property, and unfair competition. For the next 14 years, prior to his current appointment at PTO, he worked at the U.S. International Trade Commission, first as Assistant General Counsel for Litigation and Special Projects, and then as Deputy General Counsel.

Mr. Toupin was educated at the Boalt School of Law in Berkeley, where he served as editor of the California Law Review, and at Stanford, where he received a bachelor's degree in history, Phi Beta Kappa. He has published widely on various intellectual property, health, and trade issues.

Our next witness is our old friend Mr. Vince Garlock, who formerly served as staffer for this Subcommittee. It is good to have you back on the Hill since. He has gone on to bigger and better things in life as Deputy Executive Director at the American Intellectual Property Law Association. Members will recall that Vince, as I said, served on our Subcommittee from 1997 to 2001 as coun-

sel, and I am most happy that he can substitute for Mike Kirk on behalf of the AIPLA today.

After leaving our Subcommittee, Mr. Garlock practiced law at the Washington law firm of Verner Liipfert for a year, where he specialized in copyright, patent and trademark, electronic commerce, and other intellectual property matters. Prior to relocating in Washington, from 1992 to 1996, he worked as a criminal prosecutor for the City of Columbus, Ohio, practiced law, and served as Assistant Attorney General for the State of Ohio.

Mr. Garlock was educated at the Ohio State University, where he received his B.A. in broadcast journalism, and the Toledo College of Law, where he earned his J.D. He is currently studying for his LL.M. in intellectual property law at George Washington University. Mr. Garlock is usually very immodest about the gridiron accomplishments of the Buckeyes, but we will suspend that to a later time.

Our next witness is Mr. Craig Regelbrugge, who is Senior Director of Government Relations with the American Nursery and Landscape Association, ANLA, and the Staff Administrator of the National Association of Plant Patent Owners. ANLA is the national trade organization representing nursery and greenhouse crop growers, landscape design and installation professionals, and retailers of plants and related supplies. NAPPO represents the interests of U.S. and international breeders of trees, shrubs, flowers, and fruit-producing plants eligible for U.S. plant patents.

Mr. Regelbrugge is a member of the American Society of Horticultural Science and serves on that organization's intellectual property working group. He is also a member of CIOPORA, the international plant breeders' organization.

Our final witness today is Dr. Peter T. DiMauro, who has been director of PatentWatch, a project of the International Center for Technology Assessment, since April 2001. CTA is a nonprofit bipartisan organization committed to providing the public with assessments and analyses of the impact of the patent system upon society.

Prior to joining CTA, Dr. DiMauro worked as a patent examiner for 10 years, where he specialized in chemical engineering art areas. Dr. DiMauro is a registered patent agent and has practiced as a patent searcher and writer of patent applications in several areas of industrial chemical engineering.

Previously, Dr. DiMauro was a post-doctor research associate in bio-inorganic chemistry at the University at Albany. He holds a B.S. in chemistry from Iona College and both an M.S. and a Ph.D. in inorganic chemistry from Cornell.

It is good to have you all with us today. We have written statements from each of you, and I ask unanimous consent that these statements be submitted in their entirety in the record.

For those of you who may be unfamiliar with our marching orders around here, we are usually easy dogs with whom to hunt, but we do enforce the 5-minute rule. When you see the red light illuminate on the panel in front of you, that will be your warning that the 5 minutes have elapsed. We have your written statements and they have been examined and will be reexamined.

So, Mr. Toupin, why don't we begin with you.

**STATEMENT OF JAMES A. TOUPIN, GENERAL COUNSEL,  
U.S. PATENT AND TRADEMARK OFFICE**

Mr. TOUPIN. Thank you, Mr. Chairman. Mr. Chairman, Congressman Issa, thank you for holding this hearing and for the opportunity to discuss the Plant Breeders Equity Act of 2002. USPTO commends Congressman Issa for introducing this bill and bringing attention to the important issues involved.

Mr. Chairman, the Plant Patent Act of the United States has been in existence for over 70 years and has been essential in promoting innovation in the plant growing industry. We are here today because the industry has serious concerns regarding changes that the USPTO has made in plant patent examination procedures in order to bring those procedures in accordance with a decision of the Board of Patent Appeals and Interferences.

The Board held in *Ex parte Thomson* that if a plant in question was publicly available anywhere in the world, then a publication sufficiently describing the plant, combined with knowledge in the prior art, would enable one of ordinary skill in the art to reproduce the claimed plant. Consistent with general patent law, this would, therefore, constitute an enabling disclosure, and if done more than 1 year prior to the filing date of the patent application in the United States, would bar patentability. Prior to the Thomson decision, foreign publications, coupled with public availability solely in a foreign country, were not generally thought to be patent defeating in a plant patent context.

Industry representatives contend that this application of patent principles to plant patents seriously harms the industry and creates substantial uncertainty. The USPTO takes these concerns seriously and has been working with industry representatives to consider options for resolving this uncertainty in plant patent rights. Among the options being considered is a possible legislative solution.

The Plant Breeders Equity Act of 2002 represents a viable option to address the concerns raised by the plant growing industry. While the administration and the USPTO have not yet determined whether the bill's approach is the most equitable for all parties involved, I would like to offer a few observations.

First, the bill does appear to be tailored to take into account the specific exigencies that affect this industry, both the quarantine regime and the length of growing cycle before plants will bear fruit or flowers, as was mentioned by Congressman Issa.

Second, the substantive amendment proposed in the bill is confined to chapter 15 of title 35, that is to say, within the particular Plant Patent Act sections, which contains existing specific requirements that take into account the different nature of our plant patent and utility patent systems.

Third, the bill appears to be tailored specifically to the issue of printed publications in the context of plant patents and should, therefore, not affect other areas of prior art or utility patents.

Last, to the extent that Congress regards the retroactive application of legislation as necessary to assure consistency, consideration should be given to protection of parties that have relied on the current state of the law in planning their activities.

Mr. Chairman, we appreciate your consideration of our views and look forward to working with you, with Members of this Subcommittee, and all interested parties to develop an effective and equitable resolution to the issues before us today. Thank you.

Mr. COBLE. Thank you, Mr. Toupin.

[The prepared statement of Mr. Toupin follows:]

PREPARED STATEMENT OF JAMES A. TOUPIN

Mr. Chairman, Ranking Member Berman, and Members of the Subcommittee:

Thank you for this opportunity to discuss the "Plant Breeders Equity Act of 2002" and the United States Patent and Trademark Office's (USPTO) examination of applications for plant patents. We commend Congressman Issa for introducing this bill and bringing attention to the important issues involved.

The Plant Patent Act of the United States was enacted in 1930 and has encouraged the development of new plant varieties in the United States since that time. Our country has benefited immensely as a result. Accordingly, the USPTO is very concerned about protecting the rights of innovative plant breeders in the United States and in achieving the Plant Patent Act's long-held goal of promoting innovation in the plant growing industry.

The USPTO is aware of the serious concerns in the industry regarding changes USPTO made in examination procedures to bring those procedures in accord with a decision of the Board of Patent Appeals and Interferences. Indeed, we have been in touch with representatives of the industry to discuss options to address those concerns and to remedy the adverse effects identified by the United States plant patent community.

The central plant patent issue at hand is the effect of certain printed publications on the patentability of new plant varieties. According to section 102(b) of title 35 of the United States Code, a printed publication anywhere in the world can serve as a statutory bar to patentability if the publication, combined with knowledge in the prior art, would enable one of ordinary skill in the art to reproduce the claimed invention. (*See In re LeGrice*, 301 F.2d 929 (CCPA 1962)). This rule is generally applicable to all fields of invention. The plant patent statute, in section 161 of title 35, states specifically that the provisions of title 35, including section 102, also apply to plant patents. On this basis, an enabling description of a plant invention in a printed publication will bar a patent, including a plant patent, from being granted on that invention if the publication took place more than one year before the date of application.

As noted in *LeGrice*, these general principles of patent law apply in the particular context of plant inventions. The USPTO's Board of Patent Appeals and Interferences subsequently held in *Ex Parte Thomson* (24 USPQ2d 1618 (Bd. Pat. App. & Int. 1992)) that if the plant in question was publicly available anywhere in the world, then a publication sufficiently describing the plant combined with knowledge in the prior art, would enable one of ordinary skill in the art to reproduce the claimed plant. This would therefore constitute an enabling disclosure and, if done more than one year prior to the filing date of the patent application in the United States, would bar patentability. Prior to the *Thomson* decision, *foreign publications, coupled with public availability solely in a foreign country, were not thought to be patent defeating in the plant patent context.*

It should be noted that a plant which is publicly available so as to enable a "printed publication" might not be in public use or on sale in such a way as to bar patentability independent of the publication. As section 102 does not limit the applicability of printed publications by geographical area, the publication can be enabled anywhere in the world.

The plant growing industry has been concerned about the effect of the USPTO's application of these principles to pending plant patent applications. In particular, plant growers and other industry representatives contend that application of these patent principles to plant patents seriously harms the industry because of the specific quarantine requirements that they need to undergo prior to importing plants into the United States. It appears that the USPTO's relatively recent application of the *Ex parte Thomson* decision to plant patent applications has come as a surprise to the industry and created substantial uncertainty.

The USPTO takes these concerns seriously and has been working with industry representatives to consider options for resolving the uncertainty of plant patent rights. Among the options being considered is a possible legislative solution. If such an option were to move forward, any proposed legislative change should be carefully

evaluated to ensure that plant growers are able to achieve the intellectual property protection they need and that the interests of the general public are protected.

The Plant Breeders Equity Act of 2002 represents a viable option to address the concerns raised by the plant growing industry. While the Administration and the USPTO have not yet determined whether the bill's approach is the most equitable for all parties involved, let me offer a few observations.

First, the bill appears to be tailored to take into account the specific exigencies that affect this industry—both the quarantine regime and the length of growing cycles before plants will bear fruit or flowers. Second, the substantive amendment proposed in the bill is confined to chapter 15 of title 35, within the particular Plant Patent Act sections, which contains existing specific requirements that take into account the different nature of our plant patent and utility patent systems. Third, the bill appears to be tailored specifically to the issue of printed publications in the context of plant patents and should therefore not affect other areas of prior art or utility patents. Last, to the extent that Congress regards retroactive application of legislation as necessary to ensure consistency, consideration and protection should be given to parties that have relied upon the current state of the law in planning their activities.

The USPTO looks forward to working with you, Mr. Chairman, the members of this subcommittee, and all interested parties to develop an effective and equitable resolution to this issue.

Mr. COBLE. Mr. Garlock?

**STATEMENT OF VINCENT E. GARLOCK, DEPUTY EXECUTIVE DIRECTOR, AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION (AIPLA)**

Mr. GARLOCK. Mr. Chairman, Mr. Issa, Members of the Subcommittee, I am pleased to have the opportunity to present the views of the American Intellectual Property Law Association on H.R. 5119, the Plant Breeders Equity Act of 2002.

In 1930, Congress enacted the plant patent statute, designed to provide an incentive to stimulate plant development. It is important to note that while those provisions are especially dedicated to granting patents for plants, those applicants must also meet the basic test of patentability.

Section 102(b) of title 35 prevents the granting of any patent where the invention was patented or described in a printed publication in this or a foreign country, or in public use or sale in this country more than 1 year prior to the date of application. Two cases have played an important role in interpreting section 102 for plants, *In re LeGrice* and *Ex parte Thomson*.

In *LeGrice*, the Court of Customs and Patent Appeals reiterated the concept that before any publication can amount to a statutory bar preventing the grant of a plant patent, its disclosure must be such that a skilled artisan could take the teachings in combination with his or her own knowledge and be in possession of the invention. The court found that the publication of a plant invention was not enabling and, therefore, not a barrier to patentability under section 102(b).

Industry knew and followed this interpretation until the PTO seemingly altered its interpretation several years following the *Thomson* case. In *Thomson*, the Board of Patent Appeals and Interferences upheld the decision of an examiner to reject a utility patent application for a cotton plant under section 102(b), because while the cited references did not disclose the applicant's breeding steps, the skilled cotton grower would be able to purchase the commercially available seeds in Australia, combine them with the printed reference, and use his or her skill to obtain the claimed in-

vention. Thus, the Board found that 102(b) rejection was appropriate.

AIPLA has met with representatives of the breeding industry and we share some of their concerns over the PTO's interpretation and its application of prior art to plant patent applications following Thomson. It seems clear that the printed publication in that case alone was insufficient for enablement and, therefore, could not have supported a prior art rejection under section 102(b). It also seems correct that commercial availability in a foreign country alone cannot support a section 102(b) rejection. However, the Thomson examiner was permitted to combine the two to find enablement.

It could be argued that the PTO is impermissibly bootstrapping commercial availability in a foreign country with non-enabling printed publication to form the basis of the 102(b) rejection. Such an interpretation of the applicability of prior art may be contrary to the express language of Congress, which specifically decided that commercial availability in a foreign country was not an invalidating factor under section 102(b).

Now, while AIPLA has concerns with the PTO's interpretation, we also have concerns with the proposed legislative solution. The patent law strives to be technology-neutral, and no other technology would enjoy the kind of grace period such as the one proposed by the legislation. Arguably, the legislation puts plant producers in a superior position to those of other patent applicants.

Furthermore, we remain unconvinced as to the rationale for the 10-year grace period. We also question why plant patents should be treated differently than utility patents on plants. And mere commercial uncertainty is not an adequate reason. It is the situation faced by patent applicants in every field in technology.

We also note, and we want to highlight that the Court of Appeals for the Federal Circuit has not ruled on the PTO's interpretation. AIPLA believes that the issue should be addressed by the court before a legislative change is sought. The CAFC may overturn or narrow the Thomson interpretation, thereby either rectifying the problem or defining the need, scope, and solution of any proposed legislation.

While we cannot support the proposed legislation at this time, we commend you, Mr. Chairman, the Members of this Subcommittee, and particularly Mr. Issa for raising this important and interesting issue and for your continuing leadership in striving to improve our intellectual property system. Thank you.

Mr. COBLE. Thank you, Mr. Garlock.

[The prepared statement of Mr. Garlock follows:]

PREPARED STATEMENT OF VINCENT E. GARLOCK

Mr. Chairman:

I am pleased to have the opportunity to present the views of the American Intellectual Property Law Association (AIPLA) on the issue of amending 35 U.S.C. § 162 to provide a ten year grace period for plant varieties described in a printed publication.

The AIPLA is a national bar association of more than 14,000 members engaged in private and corporate practice, in government service, and in the academic community. The AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trade-

mark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property.

#### SUMMARY

H.R. 5119 is intended to address a decision by the USPTO to reject certain plant patent applications under section 102(b) of the patent law. Section 102(b) provides in relevant part that a patent shall not be granted where the invention sought to be patented was described in a printed publication in the United States or a foreign country more than one year prior to the filing date of the application for a patent in the United States. The proponents of this legislation argue that it is needed to reverse this policy decision. The AIPLA cannot support H.R. 5119 at this time because we believe it is premature and because we are convinced that even if the USPTO's position is judicially vindicated, there may still be less far-reaching corrective measures.

#### BACKGROUND

In 1930, Congress enacted the plant patent statute, which was designed to provide an incentive to stimulate plant development. The purpose of that legislation was to address a perceived inequity for plant inventors and provide them with the same opportunity to seek patent protection as their industrial inventor counterparts. The plant patent law has been widely successful in fostering the development of new plant varieties, with approximately 12,500 plant patents having been granted since its enactment. In the last two decades alone, we have seen a dramatic growth in the number of plant patents issued by the USPTO, from 168 patents issued in 1981 to 563 patents issued in 2001.

An applicant is entitled to a patent if the invention is novel, useful, and non-obvious (See sections 102 and 103 of title 35). One of the specific grounds for refusing a patent is stated in 35 U.S.C. 102(b) as follows:

“ . . . the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.”

The policy decision of the USPTO to apply section 102(b) to plant patent applications appears to be based on a decision of the Board of Patent Appeals and Interferences in *Ex parte Thomson*, 25 USPQ 2d 1618 (BPAI 1992) (“*Thomson*”) involving a utility patent application claiming a plant variety. In *Thomson*, the Board refused to follow an earlier holding of the Court of Customs and Patent Appeals in *In re LeGrice*, 133 USPQ 365, 49 CCPA 1124 (CCPA 1962) (“*LeGrice*”) reversing the refusal by the office to grant a plant patent. To put the issue in context, a discussion of the application of section 102(b) to plant patents is necessary.

The CCPA in *LeGrice* noted that the law of plant patents is so inextricably bound with the remainder of the patent law that it cannot be understood without consideration of the patent law. The Court found that it was the intent of Congress that plant patents and patents for other inventions should be subject to the same statutory provisions “except as otherwise provided.” Thus, to determine the meaning of section 102(b) with respect to plant patents, it is necessary to consider the interpretation of section 102(b) with respect to its applicability to patent applications for utility inventions. Decisions interpreting section 102(b) and its predecessor statutes required that the description of an invention in a publication “must be sufficient to put the public in possession of the invention” before it can preclude a patent. The Court noted that *Robinson on Patents* stated that this requires the description to be so particular and definite that any person versed in the art to which it pertains could construct and use it from the description alone, “without experiment or the exertion of his own inventive skill.”

The Court went to great lengths prior to giving its legal analysis to note inherent differences between plants and manufactured articles. The Court noted how one cannot know with certainty that they can duplicate the plant even if they follow the steps in the specification, a situation which differs greatly as to manufactured articles:

“Should a plant variety become extinct one cannot deliberately produce a duplicate even though its ancestry and the techniques for cross-pollination be known. Manufactured articles, processes, and chemical compositions when disclosed are, however, susceptible to man-made duplication.” (*LeGrice* at p. 370)

The Court went on to note that the purpose of section 102(b) is to enforce a policy of the patent system that a patent should not be granted on an invention where a publication has conveyed knowledge of the invention to the public so as to put

the public in possession of the invention more than one year before the application claiming the invention was filed. In the case of plants, the Court found that a prior printed publication was not enough to convey sufficient knowledge. While recognizing the potential of giving plant patents a different statutory interpretation than other patents, the Court nonetheless found its interpretation consistent with this overriding policy.

The Court found it sound law, consistent with the policy underlying the patent law, that before any publication can amount to a statutory bar to the grant of a patent, its disclosure must be such that a skilled artisan could take its teachings in combination with his own knowledge of the particular art and be in possession of the invention:

“. . . the proper test of a description in a publication as a bar to a patent as the clause is used in section 102(b) requires a determination of whether one skilled in the art to which the invention pertains could take the description of the invention in the printed publication and combine it with his own knowledge of the particular art and from this combination be put in possession of the invention on which a patent is sought. Unless this condition prevails, the description in the printed publication is inadequate as a statutory bar to patentability under section 102(b).” (*LeGrice* at p. 374)

In the *Thomson* case, the Board had before it an appeal of a decision by an examiner to reject a utility patent application for a cotton cultivar plant based on section 102(b). The examiner had concluded that the claimed subject matter was described in a printed publication available to the public more than one year prior to the filing date of the application.

The examiner had reasoned that while the cited references did not disclose the applicant’s breeding steps, one could find the cotton cultivar commercially available more than one year prior to the applicant’s filing date if one went to Australia. Therefore, the examiner rejected the application because “the public was in possession of the invention such that a person of skill in the art could obtain and reproduce the invention by seed germination without experimentation.” The applicant argued before the Board that not one of the multiple references relied on by the examiner as a basis of rejection provided sufficient disclosure, and therefore was non-enabling for the skilled artisan. As such, the claimed invention was not anticipated within the meaning of section 102(b).

In reviewing the examiner’s decision, the Board stated the standard for relying on section 102(b) as a basis for rejection as follows:

“It is well settled that prior art under 35 USC 102(b) must sufficiently describe the claimed invention to have placed the public in possession of it. . . . Such possession is effected if one of ordinary skill in the art could have combined the publication’s descriptions of the invention with his own knowledge to make the claimed invention. . . . Accordingly, even if the claimed invention is disclosed in the printed publication, that disclosure will not suffice as prior art if it was not enabling.” citing *In re Donohue*, 766 F. 2d 531, 226 USPQ 619 (Fed. Cir. 1985).

In upholding the examiner’s decision, the Board agreed that the skilled cotton grower would have the wherewithal, after reading the publicly disseminated reference articles, to purchase the commercially available seeds in Australia and employ conventional techniques to plant and nurture the seeds to maturity to obtain the claimed invention. Thus, the Board reasoned that a section 102(b) rejection was appropriate. The Board and examiner repeatedly noted there was no evidence presented to the contrary that the seeds and reference materials were publicly available.

The Board rejected the applicant’s reliance on *LeGrice* for a number of reasons. First, the Board noted that the *LeGrice* Court acknowledged that each case must be decided on its own particular facts as scientific advancements in the fields of plant heredity and plant eugenics will add to the knowledge that one skilled in the art will be presumed to possess. The Board found that there was no evidence in the record that raised any doubt that the skilled artisan would be able to grow the claimed cultivar. Second, the Board also found it uncontested that the seeds of the claimed cotton cultivar were commercially available in Australia more than one year prior to the applicant’s filing date. It went on to emphasize that the commercially available seeds themselves enable reproduction, a situation much different from the asexually reproduced roses at issue in *LeGrice*. Finally, the Board pointed out that *LeGrice* concerned a plant patent, where *Thomson* sought a utility patent, which affords a broader scope of protection.

The Board's decision in *Thomson* was not appealed. Thus, we are left with the question of whether *Thomson* really is sound law or whether it is limited to the facts of that case. Without a review by the Court of Appeals for the Federal Circuit, patent applicants are at a loss in determining the decision's applicability beyond a case on all fours. This leaves us in doubt as to whether the proposed legislation is actually necessary and whether its offered solution is appropriate to any problems that a Federal Circuit decision might identify.

#### ANALYSIS

AIPLA has concerns with the PTO's standard for applying section 102(b) when evaluating a plant patent application. We are also not convinced that the PTO's interpretation of section 102(b) in *Ex Parte Thomson* concerning a utility patent is appropriate when evaluating a plant patent application. As noted previously, this issue has not been definitively resolved by the Federal Circuit and we believe it is premature to seek a legislative remedy until all administrative remedies are exhausted. The Federal Circuit could very well reject the *Thomson* case or limit it to a case-by-case analysis of the issue as to whether a publication coupled with a prior foreign commercial availability of the plant matter truly would enable one skilled in the art to replicate the invention.

The argument could be made that the PTO, by applying *Thomson* in this manner, is impermissibly trying to bootstrap commercial activity in a foreign country with a printed publication to reject the application under § 102(b). In doing so, the PTO would be elevating a plant available only in a foreign country and not in public use or on sale in this country to a worldwide status equal to publication. Case law has stated that the standard to be applied for enablement is whether one of ordinary skill in the art could have combined the publication's description of the invention with his own knowledge to make the claimed invention. It seems that the PTO position argues that the seeds themselves, which were only available in Australia, could not be used to anticipate the invention under § 102(b), but knowledge of the seeds could be used to turn an admittedly non-enabling publication into an enabling publication. This argument seems to be a slippery slope, one which could be used to challenge many patents (not just plant patents) which have been granted by the PTO on inventions that have been sold only in foreign countries more than one year before the U.S. filing date. Such a position also appears to be contrary to the language of the statute crafted by Congress, which specifically decided that commercial availability in a foreign country was not an invalidating factor under § 102(b).

Even if the new interpretation of section 102(b) by the PTO were to be upheld, we question the proposed legislative solution. As mentioned earlier, the plant patent law was designed to place the plant inventor on the same level as any other inventor. For the reasons discussed below, adopting this legislation would put the plant applicant in a far superior position than other applicants seeking a patent.

One of the purposes of the plant patent law was to stimulate plant research in this country, not to promote importing foreign developed and owned varieties into the United States. The proponents of the legislation have not explained why providing import monopolies on foreign developed plant varieties promotes the public interest in the United States. The fact that some U.S. plant producers might actually lose some royalties from their sale of foreign origin patented varieties does not necessarily argue for amending U.S. patent law if the USPTO policy is upheld. The Constitutional basis of the patent system is "to promote the progress of . . . useful arts, by securing for a limited time to . . . inventors the exclusive right to their respective . . . discoveries."

The proposed change would give plant patent applicants a ten-year grace period from the publication of a plant variety in the U.S. or abroad to file a plant patent application. No patent applicant for a utility patent enjoys such a grace period. Further, no reason is advanced why such a grace period should apply to domestic plant breeders who can control when publication occurs. It is difficult to see how such a grace period promotes the progress of the useful arts.

The proponents argue that one of the main reasons why the legislation is necessary in light of the new PTO interpretation of section 102(b) is that the uncertainty of introducing new plant varieties into the marketplace makes the early filing of a patent application prohibitive, particularly for small growers. We find this reason unconvincing. We see little difference between what should be the appropriate grace period for utility inventions or for plant inventions, once each has been disclosed to the public in an enabling manner. The uncertainty of introducing new plants into the marketplace is an issue faced by any patent owner considering the commercialization aspects and possibilities of a new market, and is not unique to plant patents. This is a situation equally faced by applicants for utility patents and,

accordingly, does not appear to justify the proposed special treatment. It is important to keep in mind that there is no legal reason the plant applicant cannot file earlier, except for cost, a factor that applies to all potential patent applicants. We would also point out that inventors of genetically engineered plants seeking utility patents would not get the grace period under the proposed legislation. The interest of the public in gaining access to new plant varieties in a reasonable period of time must be balanced against the desire of plant breeders to patent foreign developed varieties in the most convenient and inexpensive manner.

The AIPLA also believes it is incumbent upon the proponents of the legislation to exhaust their administrative and judicial avenues for relief, that is, appealing an appropriate case to the Court of Appeals for the Federal Circuit. Once the Federal Circuit has spoken on the matter, we will be informed as to whether there is a problem and, if so, what its outlines are. Only in that case can an appropriate legislative remedy, if indeed necessary, be crafted.

#### CONCLUSION

While we cannot support the proposed legislation at this time, we commend you, Mr. Chairman, for your continuing leadership in striving to improve our intellectual property system. The AIPLA looks forward to working with you as this issue is further developed.

Mr. COBLE. Mr. Regelbrugge?

#### **STATEMENT OF CRAIG J. REGELBRUGGE, SENIOR DIRECTOR, GOVERNMENT RELATIONS, THE AMERICAN NURSERY AND LANDSCAPE ASSOCIATION, ON BEHALF OF THE NATIONAL ASSOCIATION OF PLANT PATENT OWNERS**

Mr. REGELBRUGGE. Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to testify on the Plant Breeders Equity Act of 2002 on behalf of the National Association of Plant Patent Owners and the breeders of the wide array of plants that are protected under our U.S. plant patent system. NAPPO's testimony is fully supported by the American Nursery and Landscape Association, the Society of American Florists, and numerous other national, regional, and State groups representing the horticultural industries.

I would like to describe in straightforward terms the problem that H.R. 5119 would resolve. For 70 years, the U.S. plant patent system has given plant breeders the incentive to develop new plants that offer farmers and the public all manner of benefits. Well over 12,000 such plants have been bred and patented to date. The U.S. led the world in providing such protection.

Over those 70 years, written descriptions of plants have generally held not to be enabling. In other words, a skilled breeder cannot simply read a description of an improved apple tree and create the variety. Rather, the breeder needs access to the plant. For other types of inventions, written descriptions commonly are enabling.

Over time, this legal understanding shaped standard practice in horticultural breeding. Foreign-bred varieties were commonly protected first in their country of origin, then in neighboring countries. They were often protected a few years later in the U.S. after clearing applicable quarantine restrictions and a period of suitability testing for our climate and soils.

History and common practice were turned absolutely upside down in January of 2001 when the USPTO began applying the decision of the 1992 Thomson case to plant patents. This happened with no warning to the industry. Thomson concluded that a written

description, coupled with availability of the plant anywhere in the world, could be enabling.

The result of the sudden change was like changing the time-honored rules of baseball in the middle of the World Series and applying the new rules retroactively to change the scores of games already completed or underway. Suddenly, hundreds of pending plant patent applications faced rejection. Many plants being bred will fail to meet the new standard of the law. And, because Thomson had no effective date, potentially thousands of presumably valid plant patents are in jeopardy.

For clarity, the plants involved are foreign-bred, but foreign and domestic breeders typically work in close partnership. Varieties bred in the U.S. are subsequently protected overseas and vice versa. The domestic industry is eager for both.

You can well imagine the harm to the breeders and small family businesses that dominate the industry. Also troubling, the U.S. is now viewed as a rogue nation by our international trading partners familiar with this matter. Millions of dollars in royalty income hang in the balance. Royalties fund future breeding, so the loss will ripple through our industries.

Let us shift to remedies. For over a year, NAPPO has explored policy, legal, and legislative options. A policy change has not been forthcoming. Litigation is an option and may be pursued independently, but will be slow and expensive. A ruling could end up being so fact-specific as to fail to establish a broad precedent, necessitating further appeals. Finally, if the PTO were upheld, breeders would be left absolutely exposed and unable to adjust.

We know that some in the legal community, including the AIPLA, have stated a preference for a court test. However, patent law practitioners are not of one mind on this position. For instance, the chair of AIPLA's Patent Law Committee, which considered this matter, said the following in a recent AIPLA newsletter, and I quote, "Although a majority of Committee Members who voted did not support the proposed amendment, the opposite was true of those who voted who appeared to have actual experience prosecuting plant patents." He continued by stating that the issue, and I quote, "will not only substantially limit patent rights, but also have a substantially deleterious impact on the entire U.S. plant industry. It seems to me that this is a far more serious problem than first believed and the Patent Law Committee should rethink its position on this issue."

There is international precedent for a multi-year grace period for plants. The U.S. needs a 10-year grace period because mandatory quarantine, testing, and clean-up for many important varieties often takes five to 8 years in order to release those varieties into the market. A minimal period for varietal evaluation is also essential. The full 10-year grace period will be used only when needed for those reasons.

For 70 years, there was no time limitation tied to written description and foreign sale that would compel breeders to promptly file, so H.R. 5119 represents a tightening of the law and an improvement in the future consistency of a system that has served the horticultural industries well. It will compel breeders to seek

protection for foreign-bred varieties in a timely manner. This is good policy, regardless of how a court might decide an appeal.

The horticultural industries urgently need a solution to the current situation. Litigation alone does not offer a timely, certain, and affordable remedy for this industry of small and family businesses. The specific legislative remedy proposed by H.R. 5119 has been developed in close cooperation with the PTO, the U.S. Department of Agriculture, and affected industries. We thank you for your consideration and respectfully urge your support for enactment.

Mr. COBLE. Thank you, Mr. Regelbrugge.

[The prepared statement of Mr. Regelbrugge follows:]

#### PREPARED STATEMENT OF CRAIG J. REGELBRUGGE

Chairman Coble, Ranking Member Berman, and Members of the Subcommittee, the National Association of Plant Patent Owners (NAPPO) is grateful for the opportunity to provide this testimony on H.R. 5119, the Plant Breeders' Equity Act of 2002. NAPPO is a national trade organization representing the foremost breeders of new horticultural plant varieties ranging from apples to strawberries to roses, peaches, grapes, and shade trees. NAPPO's testimony and position on H.R. 5119 are fully supported by the American Nursery & Landscape Association and the Society of American Florists, the horticultural industries' primary national trade organizations. Numerous other international, national, regional and state organizations also support swift enactment of H.R. 5119. This testimony will explain the basis and need for the bill, the severe harm felt by the horticultural industry as a result of the "102(b) problem," and why H.R. 5119 is the soundest and swiftest remedy available.

#### INDUSTRY OVERVIEW

The 1997 Census of Agriculture shows that nursery, greenhouse and floriculture crop sales totaled \$10.9 billion in 1997, up from \$7.6 billion in 1992. This represents a *43 percent increase* in sales over the previous 1992 Census. Together these crops make up 11 percent of total U.S. farmgate receipts. Some 33,935 farms produced nursery plants as their principal crop; floriculture farms numbered 21,824.

Nursery and greenhouse crop production now ranks among the top five agricultural commodities in 24 states, and among the top 10 in 40 states. Small and family farms and businesses dominate the industry. Seasonality and regional product differences have limited the presence of large corporate entities in the business. Furthermore, the industry operates without crop program supports that characterize much of American agriculture.

New varieties are the industry's lifeblood. Growers produce thousands of varieties of cultivated nursery, bedding, foliage and potted flowering plants in a wide array of different forms and sizes on 1,305,052 acres of open ground and 1,799 million square feet under the protective cover of permanent or temporary greenhouses. The quest for new and improved plant varieties is accelerating, and international partnerships to pursue breeding and new variety introduction schemes are common and increasing. *The current 102(b) situation jeopardizes the growth and prosperity of this increasingly important component of American agriculture.*

#### HISTORIC ROLE OF THE PLANT PATENT ACT

The Plant Patent Act of 1930 has achieved exactly what Congress and early supporters such as Luther Burbank and Thomas Edison intended: *it has offered a strong incentive for research and breeding activities, which are the foundation for the progressive and growing U.S. horticultural industries.* The U.S. was the first in the world to provide an intellectual property scheme for plant inventors. Since 1931, over 12,500 plant patents have been granted for new varieties ranging from ornamental and fruit-producing trees to roses to poinsettias to strawberries. An average of 500 plant patents per year have been issued in recent years, and increasing numbers of those granted patents have involved the results of foreign breeding programs. U.S. interests usually work in close partnership with foreign breeding programs, and U.S. growers benefit from quick access to new varieties bred both domestically and abroad. *Indeed, U.S. competitiveness in sectors such as fruit and grapes depends upon unimpeded access to these new varieties.*

## SUMMARY OF THE 102(B) PROBLEM

General U.S. patent law effectively directs the PTO to deny patents for inventions where “the invention was patented or described in a printed publication in this or a foreign country . . . more than one year prior to the date of the application for patent in the United States . . .” 35 U.S.C. § 102(b) (2000). Until recently, plant patent applicants (and ostensibly the PTO) operated under an assumption that the pre-publication basis for denial of a patent would not generally operate against plant patents on the reasoning that pre-publication of a plant variety was not sufficiently enabling to permit one skilled in the art to practice the patent and breed the subject plant.

In January, 2001, the U.S. Patent and Trademark Office (PTO) changed its examination guidelines for plant patent applications. Without forewarning to the horticultural industry, the PTO reversed the long-held PTO view of what constitutes prior art under 35 U.S.C. § 102(b) in the context of examining plant patents. As stated above, previously the PTO took the position that any publication describing a claimed variety could not be enabling and therefore could not constitute prior art that could invalidate a claim to the same variety in a plant patent application.

So without forewarning, the PTO abruptly reversed this long-held view of the law and announced that a publication describing a claimed variety could be enabling if the plant described therein is available to the public anywhere in the world. As a result of this change in policy, the PTO began to reject any plant patent application where, more than one year prior to the application filing date, the claimed plant was described in a publication and the claimed plant was available to the public anywhere in the world (outside the U.S.).

The change in the PTO’s plant patent examining policy essentially considers that prior publication will serve as a basis for denial of plant patents if the variety in question is available anywhere in the world. The legal basis for this position is the 1992 Thomson case (*Ex parte Thomson*,—25 USPQ2d 1618 (BPAI 1992)). In Thomson, the Board found that:

“Examiner properly rejected claims for cotton cultivar having designation “Siokra” based upon finding that claimed subject matter was described in printed publication more than one year prior to filing date, despite applicant’s assertion that publication was not enabling, in view of evidence demonstrating that material disclosed in printed publication, when considered in conjunction with knowledge of skilled cotton grower, would have enabled such skilled artisan to make claimed cultivar, and in view of evidence demonstrating that seeds of claimed cultivar were commercially available more than one year prior to filing date.”

In practical terms, the U.S. moved immediately from having the most permissive system for protecting horticultural varieties—one where foreign publication and availability were deemed irrelevant to U.S. patentability—to the most rigid and limiting, where foreign publication and availability for more than one year are now considered an absolute bar to obtaining a U.S. plant patent. NAPPO has repeatedly questioned the eight-year delay between the Thomson decision and its application to the plant patent examination process. Eventually, the PTO claimed that changes to Sec. 105 in the omnibus patent bill of 2001 gave the PTO the investigative tools to implement the Thomson decision.

## THE PRESENT SITUATION IS SEVERELY HARMING THE HORTICULTURAL INDUSTRIES

From the perspective of foreign and domestic plant breeders, the situation remains unresolved and resulting injury is accumulating. Numerous patent applications—likely numbering in the hundreds—have received office actions requesting information on prior publication and foreign availability. Final rejections are beginning to be issued. These rejections will either need to be appealed, or the applications abandoned. Many plant inventions in the breeding and development pipeline that would have been protected are no longer protectable. Finally, the PTO has indicated that the current situation calls into question the viability of numerous plant patents granted under previously prevailing assumptions in the plant industry, and practice at the PTO. *PTO officials have suggested that perhaps as many as 75% of issued plant patents may be in jeopardy.* Severe and long-term economic harm will be experienced by the horticultural industry if the matter is not resolved swiftly.

It is difficult to fully and accurately assess the current and potential economic loss associated with this problem, because the majority of affected entities are small, closely-held and family businesses. However, a few specific case studies are illustrative:

- An estimated 70 percent or more of fruit tree varieties protected by U.S. plant patents are jeopardized under the current situation. In a global market, the fruit industries' competitiveness is inextricably tied to timely access to new apple, pear, peach, cherry, plum, and other fruit varieties. This access is in jeopardy, and breeding programs stand to suffer.
- One of the larger U.S. nursery growers estimates that sales and royalty loss potential for that company alone exceeds \$5,000,000 annually.
- A U.S. company which facilitates protection and introduction of new ornamental varieties into the U.S. conservatively estimates royalty losses of \$2.4 million over ten years for just six plant groups with which they are working.
- A large U.S. rose breeder derives between \$10 and \$11 million annually from sales of foreign-bred varieties and related royalty income. Most of that annual revenue, which funds future breeding, will be jeopardized if the current situation is not resolved.
- A rose breeder with 16 patented varieties projects royalty losses alone at \$2.9 million over the commercial life of those varieties—thus decimating that breeder's research program.

#### ANALYSIS OF REMEDIES TO CURRENT CRISIS

Over the past year, NAPPO has explored policy, legal, and legislative remedies to the current crisis facing plant breeders. Activities and conclusions under each are detailed below.

##### *PTO Could Change Its Policy*

NAPPO, domestic and international plant breeders, and patent attorneys have met with PTO officials numerous times to discuss the rationale for, and harm caused by, the sudden change in examination practice as it relates to 102(b). While apparently sympathetic to the disruption caused, the PTO believes its current position is legally correct.

##### *Legal Challenge Options*

NAPPO has researched several litigation strategies including challenges based on the Administrative Procedure Act ("APA"). NAPPO concluded that such strategies were highly speculative and risky.

One or more applicants may appeal a final rejection on the legal merits. NAPPO believes that the Board of Patent Appeals and Interferences would most likely uphold its earlier decision in the Thomson case, so an applicant would need to be prepared to take an appeal all the way to the Court of Appeals for the Federal Circuit. Such an appeal would be costly and slow. Moreover, while the PTO's action has generated controversy in the legal community, NAPPO's analysis indicates that an appeal strategy could be highly risky on the legal merits. If the PTO position prevailed, hundreds and hundreds of existing, presumably valid plant patents would be practically invalidated, and the industry would be left with an unworkable system for the future. The industry simply cannot afford to rely on an appeal strategy that would leave plant breeders exposed and with no relief in sight should the PTO's position be upheld.

##### *Legislative Options*

During the course of the past year, NAPPO has evaluated various proposals for addressing the 102(b) issue via federal legislation: (1) lengthening the pre-publication grace period specifically for plant patents; (2) applying said grace period retroactively; (3) creating a provisional application specifically for plant patents; and (4) seeking a procedure for patent term extensions for plant patents. While all of these proposals have some merit, NAPPO has concluded that the current crisis in horticulture should be addressed through a narrow, targeted and timely fix rather than more general patent law reform. H.R. 5119 proposes only to establish a pre-publication grace period for plant patents, and to apply that grace period retroactively.

Creating a pre-publication grace period specifically for plant patents by amending 35 U.S.C. § 162 constitutes the most direct and least complicated approach to resolving the problem. At first glance the most logical approach would be to adopt the 6-year and 4-year "grace period" provisions for woody and non-woody plants respectively, that exist in the International Convention for the Protection of New Plant Varieties (UPOV Convention). However, the UPOV time frames utterly fail to address unique challenges associated with introducing many important varieties into the U.S. Following is the technical and policy rationale for a grace period of longer duration than found in the UPOV construct:

- U.S. quarantine laws with respect to fruit trees, vines, and many other commercially significant asexually propagated plant varieties require years of testing and observation prior to unrestricted distribution in the United States. Many important ornamental and fruit-producing genera must undergo mandatory testing for, and treatment of, a wide array of devastating viruses, viroids, mycoplasmas, and other injurious plant diseases at a USDA or USDA-approved quarantine facility. In most such cases, the U.S. breeder or grower does not even acquire possession of the plant material until that process ends.

Depending on the plant material involved, quarantine testing can take two to eight years. After that time, the breeder/grower must perform initial evaluation of the variety for suitability to North American growing conditions. The performance of a plant variety can vary greatly in different parts of the world based on differences in light, soil, elevation, and other factors. In the end, often only two out of 100 new varieties prove suitable for commercialization in the U.S. market. It is economically and practically impossible to protect 100 varieties when only a few will prove suitable for introduction. Hence, a grace period of longer than six years is needed to accommodate the uniquenesses of the horticultural industry. Without a longer grace period to permit quarantine clearance and at least minimal suitability testing, many plant innovators will be foreclosed from pursuing protection and commercialization in the U.S.

- As a policy matter, the UPOV Convention is “Eurocentric” in that the grace periods featured in the UPOV are workable for introduction of varieties among European countries, which typically share common pest problems and feature few quarantine restrictions. However, world-wide introduction schemes would benefit from a longer grace period. The U.S. is in a good position to lead. After all, the U.S. led the world in 1930 by being the first country to provide plant breeders with similar intellectual property rights as had been afforded other inventors.

NAPPO first considered establishment of a 15-year grace period for fruit trees, and a shorter (perhaps six to 10 year) grace period for other plants. Dieter Hoinkes, at the time deputy administrator of the PTO Office of Legislation and International Affairs and the U.S. delegate to the UPOV, indicated that the PTO would prefer a single grace period so as to avoid administrative complications over ambiguous botanical distinctions. Similarly, tying grace periods to quarantine requirements makes little sense because quarantine requirements are dynamic. *Thus NAPPO’s proposed legislation amends Sec. 162 to create a 10-year grace period for all asexually-reproduced plants.*

H.R. 5119 would also make the publication-related grace period retroactive in effect, to safeguard the validity of the majority of granted plant patents. Our in-depth legal research reveals that there are no legal constraints on making this legislation retroactive in effect. In view of the PTO’s abrupt change in policy and apparent error in how it examines plant patent applications, we believe it very fair that the proposed legislation be retroactive in effect. The alternative is to unfairly expose the horticultural industries to financial ruin. Some have voiced a hypothetical concern that a 10-year grace period will allow breeders to unfairly extend their patent rights by “sitting on those rights” until the grace period elapses. This concern is unfounded. The *one-year on-sale bar* for commercial activities within the U.S. compels a breeder who does not face lengthy, mandatory quarantine to file for protection promptly for foreign-bred varieties. Otherwise, such varieties may enter the country by another means and be offered for sale, thereby initiating the clock for Sec. 102’s generic one-year on-sale bar against patentability. Hence, breeders would “sit on their rights” at their own peril.

#### CONCLUSION

NAPPO and member breeders and patent attorneys have carefully evaluated a range of policy, legal, and legislative remedies to the current 102(b) problem created by the change in PTO examination procedures. NAPPO has concluded that legal challenges against the process by which the PTO changed its examination procedures would be speculative and costly. A final legal determination on the merits of the PTO’s new view on the impact of pre-publication activities on the validity of plant patent claims will take many months if not years to resolve. It is grossly unfair to expose the horticultural industry to this uncertainty. The validity of issued patents, pending applications and new introductions in the breeding and development process must be preserved.

H.R. 5119 represents a direct yet modest and narrowly focused remedy to the current situation. NAPPO, the American Nursery & Landscape Association, the Society of American Florists, and numerous other international, national, regional, and state plant breeder and grower organizations dedicated to the survival and health of the U.S. horticultural industries respectfully urge your support for swift passage of H.R. 5119, the Plant Breeders' Equity Act of 2002. Thank you.

Mr. COBLE. Dr. DiMauro?

**STATEMENT OF PETER T. DiMAURO, PH.D., DIRECTOR,  
PATENTWATCH PROJECT, INTERNATIONAL CENTER FOR  
TECHNOLOGY ASSESSMENT**

Mr. DiMAURO. Mr. Chairman and Mr. Issa, thank you very much for inviting me to speak on H.R. 5119. My name is Peter DiMauro. I am a registered patent agent and Project Director of PatentWatch here in D.C. As mentioned, PatentWatch is a nonprofit bipartisan organization committed to providing the public with assessments of the impact of the patent system on society.

The Plant Patent Act, first enacted in 1930, has served as a prototype for the entire history of patents on life, and as such, changes thereto can have a dramatic effect on much larger issues of food, seeds, and crops, both here in the U.S. and worldwide. The changes proposed in H.R. 5119 are unwarranted in terms of the rationale set forth for adoption, since firstly, the U.S. Patent Office may well be correct in its application of Ex parte Thomson, and secondly, the plant quarantine regulations for imported nursery stock exist at the behest of and for the benefit of American nurseries and breeders. There is no injustice fostered by the Patent Office that needs correction where they are correctly applying the law, and there is no regulatory burden that needs to be relieved when the Government promulgates regulations that are primarily for the benefit of domestic industry.

The Thomson decision, as interpreted by the PTO, stands for the proposition that a printed publication of a given plant variety may, in some circumstances, constitute enabling prior art under section 102(b) of the Patent Act. What is meant by enabling may best be described in terms of its opposite. A piece of science fiction, for instance, would not be enabling. This is not the case here.

Now, section 102(b) is supposed to enforce the novelty provision of section 161, limiting patents only to those plants which are actually new. H.R. 5119 would eviscerate this provision.

Finally, even if the Thomson decision were incorrect, H.R. 5119 does not even legislatively overrule it. It would appear that the proponents of H.R. 5119 are perfectly willing to acquiesce the Patent Office practice as long as the printed publications used are more than a decade alone. This inconsistency alone ought to reveal the bill to be little more than a plea for special treatment.

The changes in the bill are unjustified in terms of the relief sought. It has been asserted that a 10-year grace period is to compensate plant patent owners for the time that imported nursery stock must be quarantined. However, firstly, one must note again that the industry rightly takes great pride in initiating the plant quarantine system, designed to protect their industry. Also, most plants under patent never have to undergo a day of quarantine.

Plant quarantine regulations vary widely, can be waived, ordinarily only apply to imported plants, and generally only are of very

short duration relative to what is claimed, and in many cases are very permissive. If anything, judging from the plague of foreign plant pathogens and invasive weeds in this country, plant quarantine regulations are not yet stringent enough.

Compare all this with the existing Hatch-Waxman regime for patent term restoration in the case of drugs, which some consider to be a relatively targeted and balanced system. By contrast, this bill is a give-away. Unlike Hatch-Waxman, this present bill is anti-competitive, since it delays the expiration of plant patents, which expirations are the incentive for the release of competitive energy.

Passage of the bill would engender endless copycat laws. The first copycats in line would be the seed companies, since seeds, too, can come under quarantine.

The bill is actually far-reaching in its implications that can extend even to farmers in the developing world. The bill is a functional equivalent of a 10-year term expansion for patents on life. History shows that every time plant intellectual property laws are amended, it expands the rights of corporate breeders at the expense of farmers. History also shows that U.S. patent laws and practice are often looked to as models by the world, regardless of whether they are appropriate elsewhere.

In this vein, we would like to commend Representative Maxine Waters and others for sponsoring H.Con.Res. 260, which demands respect for farmers' right to control seed and respect for the rights such peoples have over their own traditional knowledge.

Now, some might stop and consider such concerns as out of the bounds of patent law. They are wrong. Laws that permit bio-piracy foster the worst sort of economic free riding, riding on the backs of prior innovators with no compensation given. As one cure for bio-piracy, some have begun to construct databases of traditional knowledge. However, H.R. 5119, which sets the goalpost for prior art back 10 years, would incinerate a decade of prior art and would moot all the efforts which have already been made to construct traditional knowledge databases. This is the wrong direction.

A better solution is suggested by the model law for plant breeders' rights of the African Union. Their approach addresses the rights of plant breeders while at the same time takes into account the rights of local communities over their biological resources and knowledge. I urge this Committee to take a closer look at this.

PatentWatch would ask Members of Congress to reexamine the Plant Patent Act within a broader social context and to carefully consider the social and economic implications of plant intellectual property for farmers. Thank you very much for giving me the opportunity to address this Committee.

Mr. COBLE. Thank you, Dr. DiMauro.

[The prepared statement of Mr. DiMauro follows:]

PREPARED STATEMENT OF PETER T. DIMAURO

Mr. Chairman, Mr. Ranking Member, and all Committee members, thank you for inviting me to speak on the topic of H.R. 5119, the Plant Breeders Equity Act of 2002. My name is Peter DiMauro, I'm a Registered Patent Agent and Project Director of PatentWatch, a project of International Center for Technology Assessment (CTA) here in Washington. CTA is a nonprofit bipartisan organization committed to providing the public with assessments and analyses of the impact of the patent system upon society. CTA has a long history of work on the problems existing in and engendered by the patent system in areas as diverse as farmers' rights and

human dignity, and we are increasingly concerned about the impact of plant intellectual property rights on U.S. agriculture and world food security.

#### BACKGROUND

The Plant Patent Act, first enacted in 1930, has served as the prototype and template for the entire history of intellectual property coverage of living things, and while that Act itself may *appear* to offer only narrow coverage of asexually propagated plant varieties, changes thereto can have a dramatic effect on the much larger issues of patents on food, seeds, and crops both here in the US and worldwide.

The changes proposed in HR 5119, although styled as technical corrections, are unwarranted in terms of the rationale set forth for adoption, unjustified in terms of the relief which is sought, unprecedented even within the bounds of patent law, and are actually far reaching in their implications.

#### THE PROPOSED PLANT PATENT ACT AMENDMENTS ARE UNWARRANTED

The proposed changes to the Plant Patent Act are unwarranted even taking into account the reasons submitted, since:

1. the US Patent and Trademark Office (USPTO) appears to be correct in its application of relevant case law<sup>1</sup> by adopting *Ex parte Thomson*; and since
2. the plant quarantine regulations for imported nursery stock do not generally require the extended multi-year quarantine periods which are claimed; and in fact, quarantine regulations themselves exist at the behest of, and for the benefit of, American nurseries and breeders. There is no “injustice” fostered by the USPTO that needs correction where the PTO is correctly applying the law, even if belatedly; and there is no regulatory burden that needs to be relieved when the government promulgates regulations that are solely for the benefit of domestic industry.

The Thomson decision, as interpreted by the USPTO, stands for the proposition that a printed publication of a given plant variety—*when coupled with the availability of said variety*—can constitute enabling prior art for purposes of defeating patent applications under 35 USC 102(b). That portion of the statute, which applies to both utility patents and plant patents, exists to enforce the manifest public policy that a patent shall only be granted for what is new, for what has novelty<sup>2</sup>. Since 1939<sup>3</sup>, it has been law that no patent shall be granted on an invention which was described in a printed publication more than *one year* prior to the earliest effective filing date of a patent application. However, there is one exception: a printed publication which is merely prophetic or which is “science fiction”, does not serve as effective prior art, since it is not “enabling”; as such it does not “enable” one to make and/or use the invention. This is not the case here, where the USPTO in its due diligence uncovers a plant breeders’ right certificate, or equivalent documentation, which, when coupled with the public availability of the plant variety, would reasonably place the public at large in *possession* of that variety. One must recall that the patent laws are not crafted for the convenience of an industry, but exist to carry out the careful balancing acts of public policy. In the case of 35 USC 102(b), the policy behind barring the grant of patents for inventions which were previously described in a printed publication, is to *enforce the novelty provision of Section 161*, limiting patents only to those asexually produced plant varieties which are actually new. Legislative history, case law, and Constitutional analysis substantiate this policy.<sup>4</sup> There is a policy against removing inventions from the public which the public has justifiably come to believe are freely available to all as a consequence of prolonged availability.<sup>5</sup> One would think that a decade-old disclosure of a plant variety would create a reasonable expectation of free availability. Next, there is a policy favoring prompt and widespread disclosure of new inventions to the public. The inventor is forced to file promptly or risk possible forfeiture of his rights due to prior disclosure.<sup>6</sup>

<sup>1</sup>*Ex parte Norman J.P. Thomson*, 1992 Pat. App. LEXIS 1992; 34 USPQ2nd (BNA) 1618, Board of Patent Appeals and Interferences.

<sup>2</sup>35 USC 161.

<sup>3</sup>Act of August 5, 1939, Ch. 450, 1, 53 Stat. 1212.

<sup>4</sup>See Barrett, “New Guidelines for Applying the On Sale Bar to Patentability”, 24 *Stanford Law Review* 730, 732–35 (1972).

<sup>5</sup>See S. Rep. No. 876, 76th Cong., 1st Sess. 1–2 (1939); H.R. Rep. No. 961, 76th Cong., 1st Sess. 1–2 (1939).

<sup>6</sup>*C.f.*, *Gayler v. Wilder*, 51 U.S. 477, 497 (1850): “If the foreign invention had been printed or patented, it was already given to the world and open to the people of this country, as well

The *Thomson* decision, albeit one which did not concern a patent under the Plant Patent Act, would appear to be correct as applied to asexually reproduced plant patent applications, since the documents that the USPTO uses of late to make rejections all appear to be at least commensurately enabling as any Plant Patent has to be; in fact, Plant Patent applications have an express statutory waiver from the requirement of themselves *being* enabling documents<sup>7</sup>. Thus, what is sauce for the goose would logically be sauce for the gander as well.

Finally, even if the *Thomson* decision were incorrect (a determination best left to appellate review), *HR 5119 does not even legislatively overrule it!* It would appear that the proponents of HR 5119 are perfectly willing to acquiesce to the USPTO applying printed publications against their applications, as long as such publications are more than a decade old. This inconsistency alone ought to reveal that the alleged incorrectness of *Ex parte Thomson* appears to be little more than a hollow plea for special treatment.

#### THE PROPOSED CHANGES ARE UNJUSTIFIED BY APPEAL TO QUARANTINE LAWS

Arguments made regarding how plant quarantine regulations necessitate these proposed changes, are similarly not persuasive. It has been asserted that this 10-year grace period is needed as a proxy for a plant patent term restoration, to compensate plant patent owners for the time that plant nursery stock must be quarantined for 2–8 years to obviate the importation of pests and viruses. However, firstly one must note that the nursery industry rightly takes great pride in being “responsible for initiating the commercial plant quarantine system,”<sup>8</sup> designed to protect the US plant industry. It would be unwarranted to have to compensate for this with a patent term “restoration.” Most plants under Plant Patent never have to undergo even a day of quarantine. Why would *they* get an extension? Plant quarantine regulations vary widely, can be waived if a phytosanitary certificate is presented, ordinarily only apply to imported plants, generally only are of very short duration, and in many cases are very permissive. USDA regulation Q37,<sup>9</sup> which covers nursery stock, is based on an “enterable unless found unsafe” approach. If anything, judging from the invasive species plague in this country, plant quarantine regulations are not yet stringent enough.<sup>10</sup> The present bill is thus *unjustified* in terms of the relief sought. Compare all this with the existing Hatch-Waxman regime<sup>11</sup> for patent term extension for human and animal pharmaceuticals: the present term extension system gives only that amount of compensation<sup>12</sup> which is warranted; is targeted only to those patents deserving of it; and was part of a larger social bargain promoting the entry of generic drugs into the market. HR 5119 is by contrast just a giveaway. Unlike Hatch-Waxman, the present bill is anti-competitive, since economists agree that patent expirations are the incentive for the release of much competitive energy; delaying expiry of *any* patent bottles up competition. Passage of this bill would engender endless copycat laws giving patent term extensions to any industry whose patent terms did not precisely match their windows of marketability. First copycats in line would be the seed companies, holders of regular utility patents,<sup>13</sup> since seeds, too, come under quarantine Q37. HR 5119 may also create an administrative burden at the USPTO, since the extended grace period would likely foster a ten-fold increase in so-called interference proceedings between competing plant patent applicants.<sup>14</sup>

as of others, upon reasonable inquiry. They would therefore . . . confer no benefit upon the community, and the inventor therefore is not considered to be entitled to the reward.”

<sup>7</sup> 35 USC 162.

<sup>8</sup> According to the ANLA web page, <http://www.anla.org>, visited 9/2002: “The American Nursery & Landscape Association (ANLA), organized in 1876, is the national trade association of the nursery and landscape industry . . . The association has long been a leader in the area of plant protection, and was responsible for initiating the commercial plant quarantine system—designed to protect U.S. plants from dangerous, costly, infestations.”

<sup>9</sup> USDA-APHIS-PPQ regulation 7 C.F.R. 319.37.

<sup>10</sup> See e.g., *U.S. News and World Report*, September 2002, “A Long, Slow Autumn: An Army of Imported Pests is Devouring the Nation’s Trees,” by Jessica Ruvinsky.

<sup>11</sup> Drug Price Competition and Patent Term Restoration Act of 1984, P.L. 98–417.

<sup>12</sup> See *Journal, Copyright Society of the U.S.A.*, 06 March 2002, pp.51–56: “Patent and Copyright Term Extension and the Constitution.”

<sup>13</sup> The grant of utility patents for seeds and seed-bearing plants itself is a questionable, albeit widespread, practice: see *Environmental Law Review* vol. 32, pp. 10698 et seq., “Patently Erroneous: How the U.S. Supreme Court Decision in *Farm Advantage* Ignores Congress and Threatens the Future of the American Farmer,” by Joseph Mendelson III.

<sup>14</sup> Priority of invention amongst patent applicants, who are not otherwise barred from receiving a patent by section 102(b), is enforced by 35 U.S.C. 102(g); such priority contests are called ‘interferences’.

Arguments have also been made on behalf of H.R. 5119 appealing to the authority of the UPOV Convention<sup>15</sup>, which is one type of international agreement prescribing plant breeders' rights. UPOV mentions grace periods, but these appear to only apply to foreign sales of plants, not printed publications; in any event, the Plant Patent Act itself does not appear to comport to UPOV, since the latter allows for a residual farmer's right to save germplasm and allows for *bona fide* experimental exceptions. Yet, these provisions are entirely absent from the Plant Patent statutes. Thus calls for compliance with UPOV are hollow in this context. Furthermore, the United States actively lobbies other countries to accept UPOV version 1991 as being the only effective *sui generis* intellectual property regime for plants.<sup>16</sup> And yet, the USPTO refuses to accept UPOV certificates as constituting intellectual property!<sup>17</sup> Such incoherent policy means that appeals to UPOV's authority should be discounted.

#### FUTURE CONSEQUENCES AND IMPLICATIONS OF BILL

Finally, HR 5119 is the functional equivalent of a ten-year patent term expansion for patents on life. History shows that every time plant intellectual property laws are amended it expands the scope of protection and rights of corporate breeders, at the expense of farmers, biological diversity and society. CTA feels that this bill has *far-reaching* consequences, that can extend to farmers in Eastern and Southern Africa. In contrast to laws such as the US Plant Patent Act and the UPOV convention, CTA strongly supports Rep. Maxine Waters in her proposed House Con. Resolution 260, which demands respect for farmer's rights to control seed, respect for the rights such peoples have over their own traditional knowledge, and respect for their right to control their own biological resources. Some might scoff and consider these concerns as out of bounds of patent law. They are wrong. Laws that permit biopiracy, and promote the patenting of the plants, biodiversity, and the indigenous knowledge of other countries foster the worst sort of *free-riding*, which entails riding on the backs of prior innovators with no compensation given them.

#### POSSIBLE SOLUTIONS

As one cure for biopiracy, some have begun to construct databases of traditional knowledge, so that such knowledge can be documented and used as prior art to defeat or correct biopiracy patents. However, H.R. 5119, which sets the goalposts back 10 years with respect to usage of prior art, would incinerate a decade of prior art documentation, and would moot all the efforts which have already been made to construct these traditional knowledge databases. This is precisely the wrong direction.

A better cure would be to adopt the Plant Breeders' Rights approach of the OAU (Organization of African Unity). Their approach addresses the rights of plant breeders, while at the same time takes into account the rights of local communities over their biological resources, knowledge and technologies. Unfettered access to biological resources may well prove essential to food security in eastern and southern Africa.

#### CONCLUSION

Thank you for giving me the opportunity to appear before this Subcommittee. We hope that you will use this hearing as a reference point for further debate and discussion on this issue, prior to taking further action on H.R. 5119.

Proposed amendments to the U.S. Plant Patent Act have implications far beyond our borders. What may, at first glance, appear to be an innocuous issue, is extraordinarily complex and controversial. There is a great deal of uncertainty, as well as

<sup>15</sup>UPOV 1991, Union for the Protection of New Varieties of Plants, homepage at <http://www.Upov.Int>.

<sup>16</sup>TRIPS, the Trade Related Aspects of Intellectual Property portion of the World Trade Organization (WTO) agreement, states, at its Section 27.3b, that WTO members may "exclude from patentability plants and animals other than micro-organisms, and essentially biological processes, for the production of plants and animals other than non-biological and micro-biological processes. However, Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof."

<sup>17</sup>Note that the USPTO has discontinued its prior practice of rejecting plant patent applications under 35 USC 102(d) over plant breeders' rights certificates granted prior to the date of the application for plant patent in the United States where the application for plant breeders' rights certificates was filed more than twelve months before the filing of the plant patent application in the U.S. Implicit in this, is a policy rejection of UPOV certificates as being an "effective" form of intellectual property. See <http://www.uspto.gov/inappright.html>, dated 1-26-2001 and visited 9-2002.

conflict, regarding the potential impacts of both plant breeder's rights and plant patenting. In addition, new genetic technologies are being developed much faster than society can develop socially responsible policies to assimilate them. Already the Plant Patent Act has been amended<sup>18</sup> (in 1998) to cover "plant parts", which could include seeds and genes.

CTA urges members of Congress to re-examine the Plant Patent Act within a broader context, and to carefully consider the social and economic implications of plant intellectual property rights for farmers, plant breeding and germplasm activities, and future access to and exchange of plant genetic resources, both domestically and internationally.

Mr. COBLE. Mr. Regelbrugge, I think you are being overly generous with me when you say that I am pronouncing your name correctly. Pronounce it your way.

Mr. REGELBRUGGE. Regelbrugge.

Mr. COBLE. I thought you were generous. I will try to do it correctly. Mr. Regelbrugge, let me start with you. Mr. Regelbrugge, it seems to me that you—strike that. It is my belief that your organization's problem is related to conflicting interpretations of the Patent Act and relevant case law. My question is, why should the Congress bend the act on your behalf at this time since there appears to be administrative and legal remedies available? Let me hear from you, and then I'd like to hear from the other panelists, as well.

Mr. REGELBRUGGE. As I briefly touched on in my testimony, we are, on a practical side, concerned that litigation will be slow. Litigation will be expensive. Litigation in this area is likely to be very, very fact specific, and in those circumstances, we are concerned that an appeals court decision may not serve as a broad precedent and may not rescue the industry from the uncertainty and the turmoil that we are currently facing. So for that reason, we believe that a legislative clarification of the law, which, as I pointed out earlier in my testimony represents a substantial tightening of 70 years of practice, we believe that such a legislative solution is a more appropriate way to go.

Bear in mind that up until the current period, you could take a variety that had been released in Europe, for discussion's sake, 50 years ago and if, by the quirk of fate, that variety had not come to the United States, the breeder could have applied for and successfully received a U.S. plant patent. We are proposing legislatively to bring that to a close and to compel breeders to protect and to file promptly, which is, we believe, in keeping with the general underlying policy of U.S. patent law.

Mr. COBLE. Do other panelists want to be heard on this? No one else?

[No response.]

Mr. COBLE. I see Mr. Issa is back.

Let me ask each of the witnesses to comment on the 10-year look-back feature of this bill. I am a little bit, as my late granddaddy used to say, a little uneasy about this because I'm concerned whether other industries are afforded similar treatment with deciding on how to invest resources. Let me hear from you all about this. Let me start with you, Mr. Toupin.

<sup>18</sup> Plant Patent Act Amendment of 1998, P.L. 105-289, 10/27/1998: 'In the case of a plant patent, the grant shall include the right to exclude others from asexually reproducing the plant, and from using, offering for sale, or selling the plant so reproduced, or any of its parts, throughout the United States' (emphasis added).

Mr. TOUPIN. Thank you, Mr. Chairman. Most countries, of course, do not apply the patent regime to plants at all. The plant patent regime is unique within the U.S. patent system with distinct enablement—with already having distinct requirements, including requirements concerning claims, enablement, and the bundle of rights that are granted.

The question that the legislation presents is whether in this bundle of unique rights there should be a further recognition of the distinct feature of this industry. The administration has not taken a position on this question, but as I indicated in the oral statement, the legislation does appear to be specifically tailored to this problem.

Mr. COBLE. Mr. Garlock?

Mr. GARLOCK. Mr. Chairman, I think the answer to your question is, no, there is no other industry that has such a look-back provision. As Mr. Toupin indicated, the plant patent protection is somewhat different than the PVP and what other nations are doing in terms of plant patent protection, or plant innovation protection.

Part of our concern with the legislation, is that it breeds a certain amount of uncertainty in this area, in the plant patent examination process, and again, it opens the door away from the sort of general trend of wanting the patent law to be technology neutral.

Mr. COBLE. Mr. Regelbrugge?

Mr. REGELBRUGGE. I think it's safe to say that the U.S. plant patent system has existed in somewhat of a backwater for most of the 70 years since its passage. It has achieved what Congress originally intended, but it hasn't really been modernized and kept up with other world events.

We now have schemes for plant protection that exist in other countries that, in many respects, serve those industries better than our current system. We believe it's valuable as a matter of policy to bring our plant patent system specifically into somewhat closer conformance with those other systems internationally, and the idea of a grace period for a written description is embodied within those other systems.

Now, those other systems contain some things we don't have. For example, if you protect a variety in country A and you have up to a 6-year grace period before you protect that variety in country B, but somebody else brings the variety into that country without your permission, you have legal recourse. We are not seeking such legal recourse in this case. So the breeder is at risk. If somebody else brings your variety into this country without your permission and sells it for more than 1 year, you lose your patent rights.

So, in sum, the scope of the U.S. plant patent protection is a narrower protection than is really available internationally or through the utility patent scheme, and so this is strengthening it by a narrow margin.

Mr. COBLE. My 5 minutes have expired, but let me hear from you, Dr. DiMauro, if you have a response to it.

Mr. DIMAURO. Well, Mr. Chairman, I hope I understand what you meant by look-back provisions, as referring to the retroactivity of the bill. If so, there's a certain question as to what effect this retroactive provision would have on existing plant patents. As you

may know, within 2 years of the issue date of any patent, a patent owner may broaden that patent in what's known as a "broadening the issue" proceeding, and the public, upon seeing a patent when it first issues, might get wind of a certain scope that they can rely on. Okay, this is the scope of the patent and it's no broader.

Now that the goalposts are set back with regards to prior art, a patent own can come in and—this is just—I'm just saying this in principle—can broaden their patent scopes. All of a sudden, the public that may have relied upon a certain scope of an issued patent, there's going to be uncertainty in their minds as to, my God, what's going to come out of the reissue proceedings since now prior art has been incinerated.

Mr. COBLE. I have a couple more questions, but let me recognize the other Members of the Subcommittee. Mr. Issa is recognized for 5 minutes.

Mr. ISSA. Thank you, Mr. Chairman, and I'd like to continue on this, Doctor, because the question of look-back, if I understand correctly my own legislation, all we're doing is assuming a compromise between what exists today, in all likelihood, and what may exist at the end of a court challenge, because if, for example, the PTO's decision were completely reversed, the look-back would be infinite.

So I'm not sure that we're setting a look-back. What we're doing is saying, much as we did when we complied with GATT and we said, you know, we're going to go to 20 years, we're going to adopt the new rules and these are going to exist for patents presently issued or pending. We're going to say, well, we have to pick up the time line, in this case, 10 years. We could phase it in and say, all those behind us aren't there, and sort of trap those in the theory that you applied during a time in which there may or may not have been a reversal from the court, but we're going to lock you off of that, and that doesn't make a lot of sense.

We could say, go ahead and sue on those and maybe the court will give you remedy, but we're only going to apply forward. Or we can apply the same logic that we applied—this body applied before my coming here. Back actually when I was the patent holder on the other side of it, we applied the concept that, okay, we're going to take all the patents that exist and we're going to simply say that the enactment date is 20 years ago.

And I think in this case, what we're saying is the enactment date of this law is 10 years ago. One might say that it's 10 years plus the origination date of any patent still in existence. So you pick a date, and I guess we, for practical purposes, we'd say it's 20 years plus ten, and we're going to affect those patents, because that's what it takes to bring everyone in on 1 day.

Do you see an inconsistency, not in whether you approve or disapprove of it, but if you were to enact, would you pick any other enactment date and for what reason?

Mr. DiMAURO. Well, first of all, I want to say you made an excellent point. I would tend to sympathize with those who would like to wait for a court to decide on this. It may best be left to appellate review, and if so, it's going to have an infinite look-back provision.

I guess I—it's difficult for me to answer that question, only because of my relative concerns. I know you told me not to tell you what I didn't like about the bill. My concern is regardless of—

Mr. ISSA. No, no, just not in answering that question. I fully expect you to tell me what you don't like about the bill as it stands.

Mr. DIMAURO. Right. It's a convoluted knot to me at this point in time, and I wish to say that I would be happy to work with you and any Members of the Subcommittee in having whatever input I can have in a more leisurely forum to discuss this.

Mr. ISSA. And we look forward to your working with myself and my staff, because this hearing should be the beginning of what should be a short process, but one that doesn't end today, by any means.

Do any of the other panelists have a comment, if you will, on the enactment date, because like any law, if we assume the positive, it's going to become law in some form, we want to make sure that we're comfortable with if some final form becomes law, that our enactment date, or as it's being called, a look-back, is, on balance, consistent with other legislation, such as with the official term of GATT, homogenizing the other patents as we did in 19, what was it, '96, I think—'94 or '95, thank you. Yes?

Mr. TOUPIN. As I indicated in my earlier testimony, we have concerns about, if there were such legislation, how to design the protection for those who may have taken action in that period, and that is something that Congress has typically taken into account in enacting such measures.

Mr. ISSA. Do you have any suggestions on how we might modify the bill in order to do that?

Mr. TOUPIN. The administration hasn't taken a position on the bill as such, so I can't take a position and say this particular provision is the right one or the wrong one. There are other models of existing law and they should all be looked at.

Mr. ISSA. And we look forward to at least seeing those examples presented to our staff. My time is fleeting and I know the Chairman has many more questions, as does Ms. Waters. I just want to take 2 seconds, Mr. Toupin, and thank you for your work at the International Trade Commission, because my company was once sued, and to my amazement, an organization known to already have decided in favor of the bringing party reversed and reversed completely in my company's favor after looking at our invention, our products, and it was during your tenure that that kind of exception occurred, so I want to thank you.

Mr. TOUPIN. I can only hope it was done on my advice. [Laughter.]

Mr. ISSA. I will trust that it was.

Mr. COBLE. The gentleman's time has expired.

Dr. DiMauro, I want to urge all of the panelists to feel free to share with us any disagreement or agreement you have with this bill. That's the purpose of this hearing, so feel free to be critical or receptive, whatever comes to mind.

The gentlelady from California.

Ms. WATERS. Mr. Chairman, I am sorry that I'm late to this meeting. I'm in another hearing over in Financial Services, and I would like to take this time to read my statement, if it is okay with you.

Mr. COBLE. You can do that within 5 minutes, I presume, can you, Ms. Waters?

Ms. WATERS. Well, I would like to thank you and Howard Berman for—

Mr. COBLE. Or about 5 minutes, if you can.

Ms. WATERS [continuing]. For organizing this hearing. I have serious reservations about the manner in which domestic and international intellectual property laws have been applied to plants and products derived from plants. I'm especially concerned about the patenting of plants that have been used and bred by indigenous people in sub-Saharan Africa and other parts of the developing world.

Indigenous agriculture is vitally important to the economies, cultures, environment, food security, and rural livelihoods of the people of sub-Saharan Africa. The majority of Africans depend directly on agriculture for their daily sustenance and income needs. The majority of farmers in Africa cultivate their crops on small family plots and raise livestock for their families' needs. African farmers save and exchange their seeds and produce and sell their surplus harvest according to traditional practices that have been passed on for generations.

Public access to and communal prerogatives over agricultural and biological resources, traditional knowledge, and technologies are integral to the culture, food security, and local economies of African communities. Unfortunately, outside individuals and corporations are patenting and profiting from these agricultural and biological resources, traditional knowledge, and technologies without the prior agreement of African farmers and local communities. Patents have been issued on varieties of African bread, rice, melons, and sweet potatoes.

Last year, I introduced H.Con.Res. 260, the Agriculture and Farm Resources for the Indigenous Communities of Africa resolution. The AFRICA resolution would express the sense of Congress that the United States should respect the rights of African farmers to their agricultural and biological resources, traditional knowledge, and technologies. The AFRICA resolution has been cosponsored by 45 Members of Congress and endorsed by several religious and development advocacy organizations, including the Africa Faith and Justice Network and the Washington Office on Africa.

The patenting of plants that have been developed, bred, or used by indigenous people violates the spirit of American patent law. The purpose of a patent is to provide protection for an inventor who invents something new. If a plant is already known to an indigenous people, it is not new. The hoodia cactus plant is a good example. This plant has been used for generations by the people of the Kalahari Desert to stave off hunger during long journeys. Yet, the plant has been patented by a British company for use as an appetite suppressant and licensed to a U.S. company.

I am particularly concerned about the potential effects of H.R. 5119, the Plant Breeders Equity Act, on the rights of indigenous people to control their agricultural and biological resources. This bill would provide that a patent on a plant could not be denied in the United States on the ground that the plant was described in a printed publication unless it was so described more than 10 years prior to the date of the patent application. This bill would appear to allow an American company to apply for a patent on a plant that

was developed over a thousand years ago by an indigenous community and described by an anthropologist in a publication, provided that publication was less than 10 years old. Patents are supposed to reward people for coming up with new ideas, not reading publications.

Indigenous people in developing countries are in no position to object to the patenting of plants by the United States Patent and Trademark Office. They do not live in the United States. They do not have lobbyists in Washington, D.C. They do not have access to the Federal Register. Many of them do not even speak English, and some of them may not be literate. Yet, their traditional knowledge is as important to their way of life as the written word is to ours.

To patent the plants that indigenous people have been using for generations denies them their rights over their agricultural and biological resources and makes a mockery of the idea of inventing something new. I hope this is not the intent of H.R. 5119, and I would encourage the supporters of this legislation to consider its effect on indigenous people as well as its effects on the integrity of the U.S. patent system.

I look forward to working with everyone on this. I just wanted to make sure that this position was heard and entered into the record.

Mr. ISSA. Will the gentlelady yield?

Mr. WATT. Yes.

Mr. ISSA. It is certainly not the intention of this legislation to in any way harm the countries, including Africa, that these countries may be developed. Just the opposite. Without this legislation, there would be no economic incentive for people to go to Africa, partner with individuals and companies there for the discovery, albeit it perhaps things that have been there, but just as the statute of David was a rock and everything was in there, sometimes one has to bring out the beauty that is there.

The hope is that this legislation will continue a policy in both Africa and other areas, especially some of the more, I do not want to say jungle-like, but a lot of the development of flowers and so on occur in these hot areas of the world, hot, humid areas, and, in fact, what we want to do is we want to encourage people to invest, to develop, and to bring in strains that are more advantageous to the rest of the world. Clearly, this legislation would not bar the fruit of that, once it got to the U.S. It would not say, well, now you have to respect it when it goes back to Africa, or could not compete against Africa or any other area.

The deliberate intent—and I would be glad to work with the gentlelady—the deliberate intent of this is to open up the opportunities for companies to go over and work with and invest in development programs in these countries, because these are the ideal places to develop many plants and strains.

Mr. COBLE. The gentlelady's time has expired. Did you have a question, Ms. Waters, you wanted to put to the panelists?

Ms. WATERS. Yes. I would like to know, is it not true that companies can profit today without a patent in dealing with these plants? Why do you need the patent? Well, let me back up. If, in fact, Mr. Issa, you are saying that this bill is intended to encourage companies to invest so that they can further explore and develop and

breed and all of those things, which could be to the advantage of both the indigenous people and countries as well as the investors, can't they do that now without a patent?

Mr. ISSA. Certainly, one can always bring to market a——

Mr. COBLE. Does the gentelady yield to the gentleman from California?

Ms. WATERS. I do yield.

Mr. ISSA. Thank you, Mr. Chairman, and I thank the gentelady. Certainly, anyone can bring a commodity in from anywhere and begin competing. However, and our panel is imminently qualified to talk about the quarantine periods, because plant patents are the narrowest of all, I'll call them utility patents because they're substantially similar, they're so narrow that we're talking about a single DNA, that when you go through quarantine and you spend the money to bring it in, the next day, anybody can bring that in because, in fact, you've established that it is safe. So one company is asked to bear the burden for making it legal to market in the U.S., legal to bring in and develop and disperse, while the next day anybody can market it.

As a result, if you're looking at that cost, and several others, you're probably just simply not going to make the investment, and that's the practical reality. The reason that our Founding Fathers decided to put a patent specifically in the Constitution was they recognized that a provision for innovation to be rewarded promoted innovation.

But the gentelady is absolutely right. If someone is simply going to bring a bag of seeds in from some country and begin propagating it here, they can do that. But in most cases, and especially when we talk, for example, about citrus, we're talking about having to find out whether it will grow here, what diseases it's going to be susceptible to. There is a big investment, and the idea is to make sure that that investment is rewarded.

In this case, we had a balance that had been yielding, had been giving us the best food in the world and an exporter of the best food and technologies in the world and we've disrupted it with a change, and it's a change that I think the panel could speak to that is inconsistent with the direction that Europe is going. and so very much, we want to reestablish some consistency, because I'm concerned that we will not have the kind of innovation that we've had in the past. I would suggest that we bring that to the panel. I yield back.

Mr. COBLE. Mr. Issa, you and Ms. Waters have both consumed your time. Let me recognize the gentleman from Virginia, if he has a question.

Mr. GOODLATTE. Mr. Chairman, I thank you. I don't have any questions.

Mr. COBLE. We can start a second round. Let me put this question to the panelists, and I will start with you, Mr. Regelbrugge. How will the public interest be served or promoted by enactment of H.R. 5119? And I want to hear from all the panelists on this.

Mr. REGELBRUGGE. Mr. Chairman, I think that the public interest will be served when you look at the intent of the Plant Patent Act and what it has achieved over the 70-plus years since it was enacted by Congress. It has spurred tremendous innovation in a

wide variety of plant crops that are considered highly important in this country, both as part of our food supply, the fruit and crops, apple trees and peach trees and strawberries and so forth, as well as the shade trees that beautiful and improve the environmental quality in our communities, and so forth.

This act will, if you remember that for 70 years, commercial availability overseas has not been considered to influence or bar patentability, I believe that enactment of H.R. 5119 will actually spur the breeders and their partners in this country to protect their rights more rapidly, thereby allowing the public to benefit from those new plant introductions in a timely fashion.

Mr. COBLE. Mr. Toupin?

Mr. TOUPIN. Thank you, Mr. Chairman. The USPTO obviously regards the public interest as being served by vigorous intellectual property protection, including the patent system, of which the Plant Patent Act is a part. The concern that the industry has expressed to us is that with the current uncertainty over plant patent protection, many new plant varieties may not enter the U.S. market. We certainly think that this is a serious policy concern which deserves careful consideration, both by Congress and the administration, and while we do not have a view as to whether this particular approach is the correct one, it certainly is worthy of consideration in the public interest.

Mr. COBLE. Mr. Garlock?

Mr. GARLOCK. Mr. Chairman, we think you have put your finger on the question. We're not sure that this does further the public interest. Again, the patent system is designed to spur the innovator to come quickly to the Patent Office to further the dissemination of knowledge. We're not sure that the 10-year provision with regard to publication does that. And again, as I indicated earlier, we have a concern over an exception like this, that perhaps it leads to a certain amount of uncertainty in the system during that interim period, and I think Dr. DiMauro had indicated the same concern, and whether or not this sets a trend away from neutrality among technologies within the patent law.

Mr. COBLE. Dr. DiMauro?

Mr. DIMAURO. Well, I hope this is not out of bounds to indicate that the public interest would not be served by this bill for several reasons. First of all, it would likely serve as an inspiration for copycat expansion in all other areas of patent law, at least for the reason that marketability of a particular article does not always match patent term extension.

One of the arguments put forth by NAPPO and Mr. Regelbrugge is that plants aren't ready for market—well, there is no one-to-one type match. Well, I might want to point out to you, a patent that issued in the '80's to British Technologies, BT, they discovered belatedly that they had patented the whole Worldwide Web. Well, they were able to—in their view. They were able to jump upon their realization and bring suit based on that.

But I guess all I'm trying to say is other industries, there's going to be a clamor, there's going to be chaos. Other industries are going to want to have some mechanism to have patent terms match their marketability, whether or not that's appropriate to society.

Mr. COBLE. My time is about to expire. Mr. Toupin, Dr. DiMauro expressed concern in his written testimony that this bill might impose an administrative burden on the PTO by generating additional interference proceedings. What say you to that?

Mr. TOUPIN. Mr. Chairman, I have looked into this. It has been several years since there was any interference with respect to a plant patent matter and the last reported decision may be over a decade old. So it doesn't appear that this would have a significant administrative impact in that regard.

Mr. COBLE. Very well. Mr. Issa, the gentleman from California.

Mr. ISSA. Thank you, Mr. Chairman. I think I'd like to understand better if I've framed my own thought process of why we would extend in this limited time the period to file a patent, assuming there is no on-sale bar. For me, it was very important that we leave the on-sale bar provision that is common in our law so as to recognize that as soon as you go to work on something, as soon as you're developing, selling it, prototyping in some other country, those who would like to compete are free to do so if there is no quarantine by very quickly bringing it to market and giving you a situation in which you either have to perfect your—you don't have the 10 years anymore, you have 1 year, which is consistent with other patents.

So I think we've tried to protect that, but what I'd like to understand is, don't we, and Mr. Regelbrugge and perhaps Mr. Toupin could help us with this, we do have extensions for classified material developed, but not marketable because it's a secret. We do have extensions for FDA, limitations in Government regulations that often make pharmaceuticals not marketable, even though they've been developed, but because part of the development is Government regulation.

Isn't this somewhat consistent, even if the exact extension isn't the same, and Craig, maybe I'll start with you.

Mr. REGELBRUGGE. Thank you, Congressman Issa. I think you've stated it very, very well. I have nothing to add to the manner in which you stated that issue.

One thing I think that is being confused that is related to the subject you bring up is that the scope of a plant patent is extremely narrow. As you mentioned earlier, it only gives you the right to control the sale, propagation, and use of that exact plant, that exact plant. If somebody else introduces into the market a plant which is identical visually to yours but they can prove independent creation, you have no legal recourse.

So I think it's important. We seem to be confusing in today's discussion the profound difference in scope of, potential scope of coverage between utility patents, which can be much, much broader in their claims, and plant patents, which are narrow in their claims.

The final thing I'd add that I think is related to the question you asked is that there are two very potent incentives to protecting a variety very, very quickly, as quickly as you can, and the 10-year grace period anticipates the hardest, the most difficult situation. One of those is the 1 year on-sale bar. If somebody without your permission introduces the plant into this country, you can quickly

use your rights—lose your rights, and you sit on your rights at your own peril.

The second is that many varieties that don't need a 10-year grace period have a short market life. They may only have a market life of 10 years, even though the patent term lasts 20 years. If you sit on your rights, somebody else's newer variety will eclipse you in the marketplace very quickly and your new variety is meaningless, is worthless.

So those two situations will compel breeders to protect as quickly as they can protect legally.

Mr. ISSA. Mr. Toupin?

Mr. TOUPIN. Thank you, Congressman Issa. As I indicated in earlier testimony, one of the reasons that the USPTO regards this kind of approach as a viable option is that it is specific to the plant patent sections of the statute. I do think that there would be another set of concerns with respect to similar proposals with respect to utility patents.

Mr. ISSA. I don't think we want this applied to the flat-screen television.

Mr. TOUPIN. So, I mean, I think that the fact that it's cabined in the way it does is one of the things that makes it a viable option.

Mr. ISSA. Thank you. Doctor, do you have any comment, because we are trying to be very narrow. We want to apply this only to a very unique part of the existing law.

Mr. DIMAURO. Well, I wish to speak to—I appreciate the fact that it does apply to chapter 15 of just the Plant Patent Act, but it's not entirely appropriate to refer to the precedent of patent term extension for pharmaceuticals for several reasons. I believe there's a stark difference.

One difference was the Hatch-Waxman Act, for better or for worse, has provisions for patent term restoration for the time lost in regulatory testing, but also as part of the social bargain, it had another hand to it. It enhanced the access of generics to enter the market. So there was a kind of a give and a take. Yes, we gave something to the industry, but we also did something for competition, as well. That can never be—I believe, should never be lost in the mind of Representatives. In any change to the patent law, there has to be a give and take.

Secondly, another stark difference is that the pharmaceutical industry claims for new chemical entities that it costs \$800 million—maybe it is \$400 million, but it is many hundreds of millions of dollars in research for each new chemical entity and I don't believe that the level of investment for a plant, say discovery of a new orchid, approaches that, although it can be substantial.

Mr. ISSA. Oddly enough, in my research, I discovered that almost none of the companies exceeded \$300 million in sales and more than 80 percent of them would qualify as very small businesses. That's one of the challenges we face in this legislation, is that the legal route that a pharmaceutical company might pursue, which would be tens of millions of dollars in litigation in order to get the end they wanted, is not really available to these small growers and developers, and that's one of our biggest challenges, is although this is a huge industry when we look at fruit and vegetables and other things, and flowers, it is a very small industry when you talk

about those who, in fact, develop them and for a short period of time have any ability to control their distribution in order to get more than commodity prices.

Thank you, Mr. Chairman. I realize my light is on.

Mr. COBLE. I thank the gentleman, and I thank the panelists for your appearance today. I think we have heard convincing testimony on both sides of this issue, and I'm thinking aloud now, we might want to consider to continue working upon this matter and maybe at some time crafting a compromise with which all people will not be ecstatically happy but could live with it. Again, I'm thinking aloud. As you all know, there are few legislative days left in this session.

But again, I thank you for your appearance today and I thank those in the audience for your attendance, as well.

I would like to include in the record a statement from the gentleman from California, Mr. Farr.

[The prepared statement of Mr. Farr follows:]

PREPARED STATEMENT OF THE HONORABLE SAM FARR, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA

I am pleased to join my colleague from San Diego, Representative Darrell Issa, to introduce this bipartisan bill. H.R. 5119, the "Plant Breeders Equity Act of 2002" will provide a logical, common-sense and equitable solution to an issue that is already causing problems for my constituents and for businesses in California and elsewhere in the U.S. I represent a very unique district. Because of its coastal climate we are able to grow nursery and flower crops year round with over a \$180 million in farm gate revenue annually.

I joined in co-sponsoring this legislation after talking with several of my constituents who have felt the impacts of the change in a legal interpretation and plant patent examination policy by the Patent and Trade Office (PTO). I believe we need to act now. If we wait, this problem is only going to get more and more difficult to solve. More and more plant breeders, growers, and businesses will be put into an unfair situation of uncertainty and economic jeopardy in an already competitive world market.

The abrupt change in plant patent examination policy announced by the U.S. Patent and Trademark Office last year has created a crisis for plant breeders. Plant patents are a small—but very important—portion of total patents issued in the U.S. That means that the voices of plant breeders and plant patent holders can be drowned out in the bigger world of patents and patent law. But those questions and those voices—even if they are those of small businesses—are nonetheless very important and deserve our attention. As I mentioned earlier, in my district we have a horticulture farm gate of more than \$180 million annually. This may sound like a lot of money, however when you consider most of these operations work and grow on less than 10 acres of land, the margin between profit and loss is very small. These growers need our assistance plain and simple.

Pending plant applications by breeders of fruit trees, flowers, shade trees, and many other plants, are being rejected. These new and improved varieties would, in turn, help American producers. They will help growers, wholesalers and retailers of horticultural products to provide better products to the consumer. The breeders have invested years and hundreds of thousands, or even millions of dollars, developing varieties, in reliance upon a system that has just been changed. The change also threatens the enforceability of existing plant patents.

I have long been an advocate for maintaining a vibrant horticultural industry in my district and my state, and this legislation is absolutely essential for the industry to maintain economic viability.

In mid-August, the California Department of Food and Agriculture announced that California agriculture revenue rose 10 percent in 2001, to a record \$29.8 billion. Agriculture is an important industry in California. Let me just give you some more numbers from that CDFA report: The California nursery industry is valued at \$2.39 billion. Cut flowers and foliage are valued at \$768 million—farmgate value—annually. California is the Number One producer of cut flowers in the U.S. This legislation is important—it is essential—to their continued economic well-being.

Many important U.S. breeders have entered into partnerships with foreign companies. Those partnerships are jeopardized by the current disruption of U.S. plant patent law. We live in an international market, and the U.S. cannot afford to allow its own businesses and producers to be placed in this competitive disadvantage. I urge my colleagues to support the resolution of this problem provided by H.R. 5119.

Thank you.

Mr. COBLE. I would also like to include a number of letters submitted to the Subcommittee in support of H.R. 5119.

[The letters follow:]

Date: September 26, 2002

# Pages: 3

Re: Plant Breeder's Equity Act of 2002, H.R. 5119

Dear Mr. Brown:

As a representative of Anthony Tesselaar USA, a well known and respected California corporation concerned with the development and licensing of plant varieties throughout the United States, we have considerable interest in the passage of H.R. 5119, the Plant Breeder's Equity Act of 2002, currently being sponsored by Congressman Issa. Given the recent attention to H.R. 5119 and current hearing schedule, we would like to take this opportunity to introduce ourselves to you and add our support to the passage of H.R. 5119 and Congressman Issa.

Anthony Tesselaar USA has been a distributor and marketer of top-quality branded plants known for their superior performance, easier-care attributes, big color and long bloom seasons since 1993. Our most familiar plants are Flower Carpet<sup>®</sup> Roses, Dream<sup>™</sup> Rose collection, Canna Tropicanna<sup>™</sup> and, most recently the My Favorite<sup>™</sup> brand of garden mums.

We would also like to take this opportunity to bring to your attention the distinctions between plant varieties and manufactured articles with respect to printed publications which may prove useful in supporting H.R. 5119. For instance, it may be helpful to point out in the hearing record that current United States Patent and Trademark Office (USPTO) practices do not take into account the fact that many breeder's do not have the resources to determine a plant varieties' viability and stability without commercializing the same. While a one year grace period, as currently set forth in 35 U.S.C. §102(b), may be a sufficient time period for manufactured articles, typically, the varietal characteristics of a plant variety do not readily present themselves within one year's time and more likely take several years before these characteristics are established with any certainty. Moreover, without introducing the plant variety to the public, there is a significant danger that the plant variety will become extinct providing no future benefit to the public. This is especially true if the plant variety is kept localized and subject to hazardous environmental conditions. It is thus in the public's best interest for the plant breeder to establish a wide locale for the plant variety to ensure it is available for future generations and establish its stability.

To gain some measure of protection while commercializing their plant variety to keep it viable for future reproductions, plant breeders often obtain Plant Breeder's Rights (PBR). Along with such PBR, a technical description of the plant variety is normally required and made publically available prior to or at the time of grant of the PBR. Currently, such publication can be used against the plant breeder when applying for a U.S. plant patent application, especially when coupled with the commercial availability of the plant variety under 35 U.S.C. §102(b). The effect of this reduces the incentive for plant breeders, both U.S. and foreign, to introduce their plant varieties into the United States if protection has first been sought elsewhere. In addition, the current priority scheme does little to alleviate these concerns.

With the foregoing in mind there is a significant distinction between plant varieties and manufactured articles that should be brought to your attention concerning U.S. policy behind barring an application based on printed publications. A printed publication alone merely describing a plant's distinguishing characteristics should not be viewed as fully enabling the plant variety as it would be insufficient to place the plant variety in the hands of the public. Public availability of a plant, which is the means in which a plant variety enters the public domain for others to use and improve upon, should be viewed as necessary to enable the technical description. However, without introducing the plant variety to the public, there is a danger that such variety will be rendered extinct and no longer available to the public. As the grace period of one year is inadequate for purposes of plant variety development, a longer grace period is necessary to accommodate these issues. The alternative of withholding the plant variety until such time as plant patent protection can be obtained does not ultimately benefit the public. Thus, the plant breeder should not be penalized for keeping the plant variety from becoming extinct and ultimately available to the public. During this interim period, the plant breeder should still be afforded some measure of protection or this incentive will disappear.

In contrast, manufactured articles are simply reproduced or improved upon following the description in the patent. There is no need to actually introduce the product into the marketplace to preserve its existence. The printed publication for a manufactured article must be enabling in and of itself. Having published such information, there is more incentive to keep it in the public domain if the inventor chooses not to obtain patent protection. Thus, the reasons behind a printed publication bar for plant patents is considerably different that for manufactured articles.

While distinctions between plant patents and manufactured article patents have been recognized to some extent with the addition of the Plant Patent Act, full implementation and considerations of the nuances and practicalities of this area of law have long been ignored. The current Plant Patent Act does not address the industry needs important to the U.S. industry. It would seem that the H.R. 5119 Bill addresses these distinctions.

We should also point out that the H.R. 5119 Bill appears to provide some much needed clarity in this area long neglected. As the USPTO has wavered somewhat on their interpretation of what constitutes a prior publication for purposes of invalidating prior art, the H.R. 5119 Bill serves to solidify the approach to be taken by the UPSTO in examining U.S. plant patent applications as well and apparently is supported by the UPSTO. This should provide plant breeders with additional incentive to both introduce their plant varieties to the public knowing that U.S. plant patent protection will not be foreclosed for following common worldwide foreign practices. Thus, the longer grace period appears to provide a fair and equitable trade off while addressing some of the distinctions between plant patents and patent directed to manufactured articles.

In addition, the ten year grace period should not detract from the incentive to innovate in this technical field as the scope of plant patent protection is generally deemed narrow and drawn to the plant variety for which protection is sought. Under H.R. 5119, plant breeders obtaining early publication will not be punished. Thus, significant incentive to innovate in this area will continue to be generated and new developments in the field of plant variety protection should continue to arise.

Finally, we are interested if any fall back provisions or alternatives are being considered. For example, a possible fall back position that may be worthy of consideration is some sort of staggered or extended term added on to the end of the current term of twenty years from the filing date for plant patent application directed to a plant variety undergoing quarantine. This would be analogous to the situation currently provided for utility patents directed to devices subject to regulatory approval by such entities as the Food & Drug Administration. The patent term is effectively tolled while regulatory approval is undertaken.

Although we understand that the hearing record may close today, we hope these comments will be helpful at this time or in the future in your fight for the passage of the H.R. 5119 Bill. We look forward to a continued working relationship with you and Congressman Issa and will continue to watch with interest as the scenario surrounding H.R. 5119 unfolds.

Sincerely,

Dan Davids

President

House Judiciary Subcommittee on Courts, the Internet and Intellectual Property

2138 Rayburn House Office Building

Washington, D.C. 20515-6216

Re: September 19 Hearing on H.R. 5119, the Plant Breeders' Equity Act of 2002

I am writing to respectfully urge that you support H.R. 5119, the "Plant Breeders Equity Act of 2002." This legislation will bring relief to breeders of new fruit, floral, and nursery crops by narrowly amending the Plant Patent Act to specifically remedy the harm caused by a Patent & Trademark Office legal reinterpretation in 2001.

The U.S. plant patent system has, since 1931, encouraged breeding and innovation that has helped to fuel the industry's success. Over 12,000 plant patents have been issued since 1931. However, a highly unexpected and harmful change in legal interpretation and examination policy regarding the applicability of 35 U.S.C. Section 102(b) to plant patents threatens the rights of U.S. and foreign breeders, and the stability of the U.S. horticultural industries. This abrupt and unannounced change has caused immediate and possibly irreparable harm to U.S. plant breeders and our foreign allies.

Hundreds of pending plant patent applications are now being rejected by the PTO. We and other affected breeders have invested significant funds and years in developing the now-jeopardized varieties. Breeders have lost prospective rights for hundreds – perhaps thousands – of additional varieties being bred and introduced abroad but not yet introduced in the U.S. The policy change also threatens the enforceability of thousands of existing plant patents, which, while not technically invalidated by the PTO, are now undermined by future claims against their validity. For our greater deciduous fruit industry to remain competitive both here at home and abroad we must have access to the same new intellectual properties that our competitors have from around the world. Many foreign breeders have suspended shipments of their new varieties to the U.S. due to the recent legal interpretation and examination process of the USPTO office.

We as breeders and growers need a predictable, fair and realistic plant patent system as a matter of long-term agricultural and horticultural policy. To restore stability, H.R.5119 would establish a legislative remedy whereby an unambiguous 10-year grace period is established for plants during which description of a variety in a foreign country will not jeopardize patentability here in the U.S. This 10 year grace is necessary due to the rigorous quarantine needed to protect the U.S. Agricultural community from foreign pests and the need to adequately test these varieties for the varied growing districts of this large country. The concept of a grace period is consistent with the UPOV international plant breeders' rights treaty.

Thank you very much for your time and consideration in this matter.

Sincerely,

Lynnell Brandt

President

California Association of Nurserymen  
3947 Lennane Dr., Suite 150  
Sacramento CA, 95834-1973  
Phone: (916) 928-3900

Fax: (916) 567-0505

September 17, 2002

House Judiciary Subcommittee on Courts, the Internet and Intellectual Property  
2138 Rayburn House Office Building  
Washington, DC 20515-6216

Re: September 19 Hearing on H.R. 5119, the Plant Breeder's Equity Act of 2002

Dear Representative:

The California Association of Nurserymen is in strong support of Congressman Issa's legislation that would make technical changes to the patent law regarding plant patents. The necessity of this legislation is due to an abrupt change in the Patent and Trademark Office policy in 2000 in their handling of foreign developed plant varieties.

Without the changes in law addressed in H.R. 5119, it is impossible to afford patent protection of foreign developed plant varieties under the current policies of the PTO. This is having a detrimental effect on the availability of this plant material depriving United States producers of all resources that should be afforded to them.

The ten year grace period spelled out in the bill allows for the extensive quarantine screening required by law as well as time to determine if a particular variety will actually perform as planned in the United States. The ten year window will also allow for the usual length of patent protection for the developer of the particular plant variety.

This ten year grace period will have the most dramatic effect on producers of fruit trees, nut trees, and vines. These nursery products typically have the longest testing requirements and are the nursery stock purchased and planted by farmers that produces the abundance of fruits and nuts in California.

In closing we ask for your strong support of H.R. 5119 by Congressman Issa.

Please feel free to call with any questions you may have. Your consideration of our views is appreciated.

Sincerely,

Robert H. Falconer  
Director of Government Affairs

September 24, 2002

House Judiciary Subcommittee on Courts,  
The Internet and Intellectual Property  
2138 Rayburn House Office Building  
Washington, DC 20515-6216

RE: September 19<sup>th</sup> hearing on H.R. 5119, the Plant Breeders' Equity Act of 2002

I am writing to ask your support of H.R. 5119, the Plant Patent bill. The U.S. Patent and Trademark Office (PTO) policy change on PTO 102(b) is harming the U.S. Horticulture Industry and our organization.

The U.S. plant patent system has, since 1931, encouraged breeding and innovation that has helped to fuel the industry's success. Over 12,000 plant patents have been issued since 1931. However, a highly unexpected and harmful change in a legal interpretation and examination policy in 2001 threatens the rights of U.S. and foreign breeders, and the stability of the horticultural industries.

This abrupt and unannounced change in plant patent examination policy by the U.S. Patent & Trademark Office (PTO) has caused immediate and possibly irreparable harm to U.S. plant breeders and their foreign allies.

Hundreds of pending plant patent applications are being rejected by the PTO. Many of the new and proved plant varieties involved would have helped American producers of fruit, flowers and plants to remain competitive, and brought benefits to American consumers. The affected breeders had invested significant funds and years in developing the now-jeopardized varieties.

Breeders have lost prospective rights for hundreds – perhaps thousands – of additional varieties being bred and introduced abroad but not yet introduced in the U.S.

The policy change also threatens the enforceability of thousands of existing plant patents which, while not technically invalidated by the PTO, may be jeopardized by the policy change since there is no "effective date" for the decision.

The U.S. has now assumed "rogue nation status" in the international community due to the disruption and disregard for the rights of U.S. breeders and growers and their partners and colleagues abroad. This has trade policy implications for U.S. agriculture and beyond.

House Judiciary Subcommittee on Courts,  
The Internet and Intellectual Property  
September 24, 2002  
Page 2

A stable, predictable, fair and realistic plant patent system must be restored as a matter of long-term agricultural and horticultural policy. The most direct resolution is a legislative remedy whereby an unambiguous 10-year grace period is established for plants during which foreign commercialization will not jeopardize patentability in the U.S. The concept of a grace period is consistent with the UPOV international plant breeders' rights treaty.

H.R. 5119, the Plant Breeders' Equity Act of 2002, was introduced on July 15, 2002. It would remedy the problem at hand.

As members of the National Association of Plant Patent Owners (NAPPO), we join our colleagues the American Nursery & Landscape Association, Society of American Florists, Communaute Internationale des Obtenteurs de Plantes Ornementales et Fruitières de Reproduction Asexuée, Wholesale Nursery Growers of America, Northwest Horticultural Council, Northwest Nursery Improvement Institute, California Association of Nurserymen, Oregon Association of Nurserymen, and Washington State Nursery & Landscape Association, in supporting H.R. 5119.

Sincerely,

J. FRANK SCHMIDT & SON CO.

A handwritten signature in black ink, appearing to read "Gary S. Furr". The signature is fluid and cursive, with a large initial "G" and "F".

Gary S. Furr  
General Manager

House Judiciary Subcommittee on Courts, the Internet and Intellectual Property  
 2138 Rayburn House Office Building  
 Washington, DC 20515\_6216

17 September 2002  
 GRP/dd - GOLDE001.DIV.wpd

Via First Class Mail, Email and Fax #202-225-3673 2 pages  
RE: September 19 Hearing on H.R.5119, the Plant Breeders' Equity Act of 2002.

To Whom It May Concern;

Poulsen Roser is a family nursery business now in its fourth generation. Poulsen conducts its breeding work in Fredensborg, Denmark. Its offices, nurseries, and variety showcase in Oregon produce clean stock for North American growers and exports around the Pacific Rim. The company is a commercial breeder of roses and clematis with over 150 patents in effect in the United States and 60 varieties in the application process. Poulsen Roser is known for introducing 'healthy and hardy' low maintenance, environmental friendly varieties into the markets that it participates in. Our company's only source of income is royalty from the licensing of its patented varieties.

The Patent and Trademark Office (PTO) has recently adopted a new position regarding Title 35 U.S.C. Sec. 102(b), which jeopardizes a number of the above-mentioned applications for plant patents as well as putting at risk our existing patents, if another company chose to challenge us on their validity, using the newly adopted standards. This surprising change in position on Section 102(b) came without notice, without any opportunity for public comment and is a complete reversal of 71 years of PTO patent examination practice and plant patent law that has been essentially unchanged since the Plant Patent Act of 1930. This new way of interpreting the rules is also inconsistent with the UPOV Convention that was signed by the USA. **Legal issues aside, it is just not fair to change the rules during the process. The applications currently being rejected were in the PTO office for over 24 months, prior to receiving the notification of the 102(b) issue.**

Our company, Poulsen Roser Pacific, Inc. has incurred considerable financial expense over the last 24 months working to respond to requests for mountains of additional information being made from the PTO. Much of this additional work and legal expense is being undertaken without any guarantee of success. The estimated costs and damages are as follows:

Additional legal costs for responding to PTO requests for additional information and PTO Office Action rejections. To date, Poulsen Roser has received 16 non-final rejections of patent applications. The additional cost in legal and additional office staff is estimated at \$ 1,500 dollars per variety, for a total of \$ 24,000 dollars in costs. Additionally, the slowness of the process has put some marketing programs on hold.

Potential loss of patentability. This is the largest potential damage to our program. The current average yearly return per patented variety is in excess of \$ 10,000 dollars. This yearly average per variety, over the life of the patent for the 16 above-mentioned varieties, yields \$ 2.9 million dollars of lost income to Poulsen Roser if these varieties are deemed not patentable. There are several varieties in the 'rejected' varieties group that may well produce much above the average,

as we have had great market success on them in the European market. This estimate does not include any estimate as to the potential challenges that might arise on varieties already patented.

The 1997 Census of Agriculture shows that nursery, greenhouse and floriculture crop sales totaled \$10.9 billion in 1997, up from \$7.6 billion in 1992. This represents a 43 percent increase in sales over the previous 1992 Census. Together these crops make up 11 percent of total U.S. farmgate receipts. Some 33,935 farms produced nursery plants as their principal crop; floriculture farms numbered 21,824.

Nursery and greenhouse business is the top agricultural business in our state. Nursery and greenhouse crop production now ranks among the top five agricultural commodities in 24 states, and among the top 10 in 40 states. Small and family farms and businesses dominate the industry. Seasonality and regional product differences have limited the presence of large corporate entities in the business. Furthermore, the industry operates without crop program supports that characterize much of American agriculture. These industries estimate that at least 30% of that revenue was generated by foreign-bred patented plant varieties. The immediate economic impact to American farmers and nursery/greenhouse growers resulting from lost access to foreign-bred varieties will be billions of dollars. This loss of income will increase over time as American agriculture becomes increasingly non-competitive.

Our company is a member of the following trade group organizations:

- American Nursery and Landscape Association (ANLA)
- North American Plant Patent Owners Association (NAPPO) I am a board member.
- Oregon Association of Nurserymen (OAN)
- Ohio Florist Association (OFA)
- Society of American Florists (SAF)

NAPPO and member breeders and patent attorneys have carefully evaluated a range of policy, legal, and legislative remedies to the current 102(b) problem created by the change in PTO examination procedures. NAPPO has concluded that legal challenges against the process by which the PTO changed its examination procedures would be speculative and costly. A final legal determination on the merits of the PTO's new view on the impact of pre-publication activities on the validity of plant patent claims will take many months if not years to resolve. It is grossly unfair to expose the horticultural industry, which is in large part an industry of small companies such as ours, to this uncertainty. The validity of issued patents, pending applications and new introductions in the breeding and development process must be preserved.

H.R. 5119 represents a direct yet modest and narrowly focused remedy to the current situation. NAPPO, the American Nursery & Landscape Association, the Society of American Florists, and numerous other international, national, regional, and state plant breeder and grower organizations dedicated to the survival and health of the U.S. horticultural industries respectfully urge your support for swift passage of H.R. 5119, the Plant Breeders' Equity Act of 2002.

Please contact me with any questions or comments.

Thank you for your cooperation and interest.

Sincerely,

Gary Pellett  
Vice President

cc: Craig Regelbrugge, National Association of Plant Patent Owners  
Poulsen Roser ApS



Spring Meadow Nursery, Inc.  
12601 120<sup>th</sup> Ave.  
Grand Haven, MI 49417  
Tel: 616-846-4729  
Fax: 616-846-0619

House Judiciary Subcommittee  
on Courts, the Internet and Intellectual Property  
2138 Rayburn House Office Building  
Washington, DC 20515-6216

Thursday, September 12, 2002

RE: September 19 Hearing on H.R.5119, the Plant Breeders' Equity Act of 2002

Dear Representatives:

As the Product Development Manager for a wholesale plant nursery, I work with plant breeders in the U.S. and abroad to protect, promote and distribute their inventions. New (patented) plants are a very important to our business and to the nursery/gardening industry. Consumers, growers and retailers are demanding better plants. Plant patents provide breeders the incentive to develop these new and improved plants.

The U.S. plant patent system has, since 1931, encouraged breeding and innovation that has helped to fuel the industry's success. Over 12,000 plant patents have been issued since 1931. However, a recent, highly unexpected and harmful change in a legal interpretation and plant patent examination policy threatens the rights of U.S. and foreign breeders, and the stability of the horticultural industries. PTO examiners last year began rejecting plant patent applications if the plant had been described in a printed publication and available for sale anywhere in the world for more than one year. For 70 years, such foreign activities have had no bearing on patentability in the U.S. This abrupt and unannounced change has caused immediate and irreparable harm to U.S. plant breeders and their foreign allies. As it stands now, our business and industry are in jeopardy.

Our industry stands to lose millions of dollars and the consumer will get inferior products. Many of our best new products under development will be lost. Our current plant patents are in jeopardy. There is no longer sufficient time (plant growth) to properly test and evaluate our products. And ironically, we are no longer allowed adequate time (plant growth) to properly document new plants for the patent application process. This change will force us to patent and introduce inferior plants before adequate testing can be accomplished.

Hundreds of pending plant patent applications are now being rejected by the PTO. Many of the new and improved plant varieties involved would have helped small U.S. businesses remain competitive, and brought benefits to American consumers. The affected breeders had invested significant funds and years developing the now-jeopardized varieties. Breeders have lost prospective rights for hundreds – perhaps thousands – of additional varieties being bred and introduced abroad but not yet introduced in the U.S. Also threatened is the enforceability of thousands of existing plant patents which, while not technically invalidated by the PTO, are jeopardized since there is no “effective date” for the decision.

I respectfully request that you support for H.R. 5119, the “Plant Breeders Equity Act of 2002,” introduced by Rep. Darrell Issa and co-sponsored by Rep. Sam Farr (see attached). H.R. 5119 will resolve the crisis facing breeders of many horticultural crops – from apples to grapes to flowers to shade trees – amending the Plant Patent Act to remedy the harm caused by a Patent & Trademark Office (PTO) legal reinterpretation in 2001.

A stable and fair plant patent system must be restored. H.R.5119 represents a narrow legislative remedy: an unambiguous 10-year grace period is established for plants during which certain foreign activity will not jeopardize U.S. patentability. The concept of a grace period is consistent with the UPOV international plant breeders’ rights treaty.

Please add this letter to the subcommittee hearing record.

Respectfully,

Tim Wood

The Honorable \_\_\_\_\_

United States House of Representatives

Washington, DC 20515

House Judiciary Subcommittee on Courts, the Internet and Intellectual Property  
2138 Rayburn House Office Building  
Washington, DC 20515-6216

I am writing to respectfully urge that you support and co-sponsor H.R. 5119, the "Plant Breeders Equity Act of 2002." This legislation will bring relief to breeders of new fruit, floral, and nursery crops by narrowly amending the Plant Patent Act to specifically remedy the harm caused by a Patent & Trademark Office legal reinterpretation in 2001.

The U.S. plant patent system has, since 1931, encouraged breeding and innovation that has helped to fuel the industry's success. Over 12,000 plant patents have been issued since 1931. However, a highly unexpected and harmful change in legal interpretation and examination policy regarding the applicability of 35 U.S.C. Section 102(b) to plant patents threatens the rights of U.S. and foreign breeders, and the stability of the U.S. horticultural industries. This abrupt and unannounced change has caused immediate and possibly irreparable harm to U.S. plant breeders and our foreign allies.

Hundreds of pending plant patent applications are now being rejected by the PTO. We and other affected breeders have invested significant funds and years in developing the now-jeopardized varieties. Breeders have lost prospective rights for hundreds – perhaps thousands – of additional varieties being bred and introduced abroad but not yet introduced in the U.S. The policy change also threatens the enforceability of thousands of existing plant patents which, while not technically invalidated by the PTO, are now undermined by future claims against their validity.

We as breeders and growers need a predictable, fair and realistic plant patent system as a matter of long-term agricultural and horticultural policy. To restore stability, H.R.5119 would establish a legislative remedy whereby an unambiguous 10-year grace period is established for plants during which description of a variety in a foreign country will not jeopardize patentability here in the U.S. The concept of a grace period is consistent with the UPOV international plant breeders' rights treaty.

Sincerely,

Kenneth P Adams

President Willow Drive Nursery

Ephrata, Washington

Mr. COBLE. This concludes the legislative hearing on H.R. 5119, the Plant Breeders Equity Act of 2002. The record will remain open for 1 week. Thank you again for your cooperation, and the Subcommittee stands adjourned.

[Whereupon, at 11:22 a.m., the Subcommittee was adjourned.]

