

## Regulation for the Arbitration of Disputes concerning Essential Derivation (RED)<sup>1</sup>

### General

#### ARTICLE 1

1. This Regulation, designated here as RED is constituted within the framework of the general *ISF Arbitration Procedure Rules*, designated here as 'APR', and the *ISF Rules for Mediation, conciliation and arbitration for disputes between professionals concerning the management of intellectual property rights in the field of plant breeding*, designated here as 'MCA'. Where necessary the articles hereunder refer to APR and/or MCA.

This RED also takes into account the relevant paragraphs concerning essential derivation from the position paper *ISF view on Intellectual Property*.

2. In the case of any doubt, this RED for arbitration on essential derivation overrules the APR/MCA. For issues not ruled by this RED, APR and MCA apply or the Arbitral Tribunal will decide at its discretion.
3. These rules apply to parties who have agreed to ISF arbitration through an arbitration clause or agreement. In the case of a contract between the involved parties or an ISF code of conduct to which the parties are signatories, the provisions of the contract or code of conduct that are different from this RED will overrule the relevant provisions of this regulation.

### Definitions

#### ARTICLE 2

For this RED the following definitions apply:

a. Essentially derived variety (EDV)

A variety that has been predominantly derived from a particular initial variety or an EDV there from and which fulfils the definition of Article 14 paragraph 5(b) of the UPOV Convention 1991.

b. Putative essentially derived variety (PEDV)

The variety in question that may be an EDV of a particular initial variety.

c. Initial variety (INV)

The variety from which the PEDV might have or has been derived.

d. Variety of common knowledge

Any variety which is protected, or listed, or described and published, or used, or sold in the market, or maintained in the public domain or is otherwise publicly known, including varieties applied for protection or listing, from the moment of the filing of this application, if the application results in the protection or listing of the said variety.

e. EDV Threshold

The value of the genetic conformity or distance point that forms, according to a code of conduct or a guideline as adopted by ISF or by another agreement between parties, the trigger point for the reversal of the burden of proof.

f. Breeder

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<sup>1</sup> Parties may also apply for mediation or conciliation, in which case the rules of MCA as well as the ISF guidelines on conciliation and mediation apply.

Titleholder of the plant breeder's rights of an INV or EDV concerned, or his mandated agent.

g. Operator

Person or company exploiting the variety concerned.

h. Applicable territories

The territories in which a Plant Variety Protection law is in force which complies with UPOV 1991 or contains a similar provision of essential derivation.

## **Application for Arbitration, the Deposit Requirement and the Nomination of the Arbitral Tribunal**

### ARTICLE 3

1. A breeder who suspects that another variety has been derived from his protected INV may apply for an arbitration procedure according to Article 2 APR in combination with Article 3 MCA, with the exception of the requirement of 30 working days, in the country of his choice with an ISF Arbitration Chamber.  
  
In addition to Article 2 APR in combination with Article 3 MCA, the application shall contain phenotypic and molecular data of his variety compared to the PEDV showing that the PEDV and the INV are genetically and phenotypically very similar so that the PEDV differs from the INV by only one or a few simply inherited characteristics.  
  
In the case of parent lines of hybrids, data on the lawfully accessible parent line(s) concerned and, if necessary, on the hybrids, which have been produced by the PEDV parent line(s) may be included.
2. The phenotypic analysis or description should preferably meet the requirements of the appropriate UPOV Technical Guideline for the crop concerned and may include additional characteristics. The molecular analysis must be performed by using the agreed methods, as mentioned in the crop specific scheme of this RED. If there is no agreed-upon molecular marker method available for the crop concerned, the method to be used and the EDV threshold as mentioned in Article 2e may be decided upon between the parties.
3. Each molecular method used in this RED must conform to the ISF paper *Issues to be addressed by technical experts to define molecular markers sets for establishing threshold for ISF EDV arbitration*.
4. The breeder or operator of the PEDV may, according to Article 9 APR, within 30 days after the receipt of the copy of the application for arbitration, file the counter claim that the INV is itself an EDV. This claim should be followed within one year after the said 30 days with a clear justification using phenotypic and molecular data. This period of one year may be reduced by the Arbitral Tribunal taking into account the time period that the breeder or operator of the PEDV had clear knowledge of the fact that his variety was considered to be an EDV by the breeder of the INV. Not fulfilling these time limits may result in dismissal of the counter claim at the discretion of the arbitrators. Paragraphs 2 and 3 of this article are similarly applicable
5. In case the breeder or operator of a variety is in any way accused of infringing the rights of another party by exploiting a variety, which is considered by the other party as essentially derived from his protected variety, the breeder or operator of the PEDV may apply for an arbitration procedure in order to obtain a decision whether his variety has been derived from the said protected variety or not. The application for the arbitration procedure must be according to Article 2 APR in combination with Article 3 MCA, with the exception of the requirement of 30 working days, in the country of his choice with an ISF Arbitration Chamber.

### ARTICLE 4

1. For the application for arbitration, the required financial deposit and nomination of the Arbitral Tribunal, Articles 2, 3, 4 and 5 APR in combination with Articles 3, 4 and 5 MCA shall apply.
2. The application for arbitration shall contain the claims, which may include financial damages concerning the alleged infringement acts with the PEDV.

3. Failing the requirements laid down in Articles 3 and 4 with respect to time limits and required documentation may result in a dismissal of the case by the decision of the Arbitral Tribunal. However, before the Arbitral Tribunal decides, parties will have the opportunity to complete their files within 45 days after a written request to do so.

## **The Arbitration Procedure**

### **ARTICLE 5**

Notwithstanding the provisions of Articles 6, 7 and 8 APR in combination with Articles 6, 8, 9, 10 and 11 MCA, the following additional rules of Articles 6, 7, 8, 9 and 10 of this RED shall apply.

### **ARTICLE 6**

1. If the Arbitral Tribunal is convinced that the genetic conformity of the PEDV with the INV is above the EDV threshold, it determines that the breeder or operator of the PEDV has to prove that the PEDV has not been predominantly derived from the INV.
2. If an EDV threshold has not been established for the crop concerned and no agreement concerning a threshold is reached between the parties, the Arbitral Tribunal will decide at its own discretion whether the breeder or operator of the PEDV has to prove that the PEDV has not been derived from the INV.
3. In the case the INV has been counter claimed to be an EDV itself and the Arbitral Tribunal is convinced that the genetic conformity of the INV with another variety is above the EDV threshold, the breeder of the INV has to prove that his INV has not been predominantly derived from that other variety.

### **ARTICLE 7**

1. Before the Arbitral Tribunal takes a decision, both parties will have the opportunity to deposit their arguments in writing, and to comment once in writing on these arguments within 6 weeks of their receipt. It is at the discretion of the Arbitral Tribunal to allow additional cycle(s) of written comments. The Arbitral Tribunal will send copies of the documents immediately and directly to the parties. The Arbitral Tribunal will organise at least one hearing, taking into account the provisions of Article 6, paragraph 1 APR.
2. The Arbitral Tribunal may at any time request the parties to disclose all relevant information concerning the breeding history of the INV and the PEDV.
3. Confidential information or parts thereof, clearly designated as such by the party concerned, will not be provided to any other party, unless the said party gives his consent in writing.
4. For the purpose of this article confidential information shall mean any information that is in the possession of a party, is not accessible to the public, is of commercial, financial or technical significance and is treated and declared as confidential by the party possessing it.
5. Any confidential information affecting one of the parties will be provided to the Arbitral Tribunal under a confidentiality agreement or other appropriate means.
6. Both parties may supply additional phenotypic, biochemical or molecular information, which will be taken into account by the Arbitral Tribunal.

### **ARTICLE 8**

1. The Arbitral Tribunal may decide to have the varieties concerned tested with molecular, biochemical or phenotypic methods or a combination thereof by an independent third party.
2. If the data concerning the parents of a hybrid variety shows a high probability that the hybrid was produced by a PEDV parent line, the Arbitral Tribunal can decide to have the PEDV parent line tested by an independent third party in comparison with the INV parent line.

3. Paragraphs 2 and 3 of Article 3 are similarly applicable.
4. To implement Paragraphs 1 and 2 of this article, both parties shall authorise, the Arbitral Tribunal, at its request, to apply for and receive an official sample of the deposited seeds of the varieties concerned and/or ancestors thereof, if applicable, from the competent authorities or other relevant independent bodies.
5. In the case the said authorities or bodies do not acknowledge such a request from the Arbitral Tribunal, the parties shall arrange to have the seed sent, on their behalf, by this authority or body to the Arbitral Tribunal. If no seed of a variety can be obtained from an independent source, the Arbitral Tribunal will decide how to proceed.

## ARTICLE 9

1. The Arbitral Tribunal may, on request of one party, admit this party to bring witnesses or experts. The Arbitral Tribunal may designate one of its members to hear the witnesses or experts.
2. The Arbitral Tribunal may for reasons of confidentiality, at its own initiative or at the request of one party, agree to hear one party in the absence of its opponent. It will inform the other party at least 7 days before such a hearing. An extract of the report of this hearing will be sent to the other party within 15 days of the session.
3. The Arbitral Tribunal may appoint, in consultation with the parties, one or more expert(s) to formulate and provide technical advice. After its decision on such a matter the Arbitral Tribunal will send a copy of the nomination and the assigned task of the expert(s) to both parties directly, with the time frame for the task as determined by the Tribunal.
4. The parties may only once challenge the nomination of an expert through a reasoned written argument sent to the Arbitral Tribunal by registered mail within 8 working days of the receipt of the aforementioned nomination. If the Arbitral Tribunal decides the reasons for the challenge to be justified, it will appoint another expert according to paragraph 3 of this article.
5. The Arbitral Tribunal may require one or both parties to supply all relevant information and to render the necessary assistance to the expert(s).
6. The Arbitral Tribunal will send the draft expert-report that may contain confidential information for review to the party concerned. This party will send his comments within 15 days after the receipt of this document.
7. Directly after the finalisation of the expert-report, the Arbitral Tribunal will send a copy to both parties without the confidential information, unless the owner of that information agrees in writing to its inclusion. A party may, within 15 days after the receipt of the said copy, request to hear the expert(s) in a session of the Arbitral Tribunal. The Arbitral Tribunal will provide parties the opportunity to hear the expert(s) and to bring their own experts. The session will be announced to the parties 15 days before it is held.
8. The Arbitral Tribunal may, through a full or part representation, visit the relevant trials at the premises of one or both parties or a third party. The Tribunal will inform both parties of this visit at least 5 days before. Paragraph 6 of Article 9 RED is similarly applicable.

## ARTICLE 10

Each session of the Arbitral Tribunal will be recorded in a written report. Unless agreed otherwise between the parties and the Tribunal, a copy of the full report, accompanied with the productions of the parties that have not already been distributed, will be sent to both parties within 6 weeks after the session.

## **Withdrawal, Settlement or Award**

### ARTICLE 11

1. If the claimant or claimants withdraw(s) the case from arbitration according to the rules of Art 10 APR, the status of the contested PEDV or INV will remain unchanged with respect to third parties as before the application for arbitration.
2. If a settlement without an award contains the decision to consider the disputed variety or varieties as being essentially derived, paragraph 1 of this article is similarly applicable.

### ARTICLE 12

1. The award is subject to the rules of Article 11 APR. The decision shall contain a clear and well-motivated statement whether the disputed variety is an EDV or not. The Arbitral Tribunal shall deliver the award within 3 months of its last meeting with both parties.
2. The Arbitral Tribunal will decide on the claims as laid down at the application for arbitration according to Article 5 paragraph 1 RED. The allocated compensation should not cover financial damages for more than 5 years before the date of application for arbitration, unless otherwise determined by the Arbitral Tribunal with a motivated decision.

## **Appeal**

### ARTICLE 13

1. Each party may lodge an appeal against the award by registered mail to the Secretary General of ISF, no later than one month after the acknowledged receipt of the award as controlled by the postmark, and by fulfilling the financial requirements of Article 12 paragraph 3 APR.
2. The appeal lodged shall contain a clear description of the grievances.
3. The Secretary General of ISF will inform the other party that an appeal has been lodged and will organise the appeal in accordance with Article 13 APR.
4. Articles 2, 6, 10, 11 and 12 and paragraph 1 of Article 7 and paragraphs 1 and 2 of Article 9 of this RED as well as the relevant provisions of Articles 12, 13 and 14 APR are similarly applicable.
5. The Arbitral Tribunal shall make the award, as per to Article 13 APR, within 6 months after the Secretary General of ISF has charged a national organisation with the hearing of the appeal.
6. Except if otherwise decided by the Arbitral Tribunal or the award of first level is reversed, the cost of the appeal shall be at the charge of the appellant.

## **Entering into force of the Award**

### ARTICLE 14

1. The award of first instance shall enter into force the day one month after the acknowledged receipt of the award by both parties, and if no party has lodged an appeal within this term. The appeal award enters into force the day of its acknowledged receipt by the parties. In accordance with Article 11 paragraph 7 APR, the final award is legally binding on the parties concerned.
2. If the final decision determines that the INV concerned is itself an essentially derived variety, the breeder of this INV will have no rights on any essentially derived variety from the INV in question, based on Article 14 paragraph 5(a) (i) UPOV 1991 in the applicable territories.
3. Both parties shall inform all other parties with an interest in the case, including possible licensees, about the content of the final award.
4. The Secretary General of ISF may publish extracts of awards without revealing the names of the parties and other information considered confidential. In case the Arbitral Tribunal confirms the PEDV to be essentially derived from the INV, this fact including the variety denominations will be published in the interest of concerned third parties.

5. With reference to Article 18 APR and the relevant provisions of the Conventions of Geneva and New York, if the party declared in default does not implement the award, the party that has won the award may claim enforcement of the award before the civil court of the country in which the other party resides.
6. The party declared in default may, according to the law of the country in which the award has been made, claim the annulment of the award for procedural reasons only. Such a claim does not postpone the implementation of the award unless the civil court in the said country decides otherwise.
7. Article 18 paragraph 4 APR shall be similarly applicable.

### **Arbitration costs**

#### **ARTICLE 15**

1. In addition to Article 15 APR, the Arbitral Tribunal shall, unless the parties have agreed otherwise, decide the apportionment of the costs caused by the technical tests and expert advice from Article 8 paragraph 1 and Article 9 paragraph 3 of this RED.
2. For the remaining financial issues Articles 15, 16 and 17 APR and paragraph 1 of Article 18 APR shall apply.

### **Agreement and Liability**

#### **ARTICLE 16**

1. The provisions of these rules are binding on the parties involved in the arbitration.
2. With reference to Article 20 APR, the Arbitration Chamber, the Arbitral Tribunal, the Secretary General of ISF, the member associations of ISF and the appointed experts shall in no way be liable to the proceeding parties for any damage or any other consequences arising from their decisions or opinions by the application of these rules.  

The parties will refrain from any claims against the persons or bodies mentioned in the first sentence of this paragraph.
3. Any party or person involved who releases untimely information to persons or organisations other than those directly and professionally involved in the proceedings of the case may be liable for any damage caused by but not limited to loss of turnover, profit or good name of the other party or parties in the dispute concerned.