

Contracts and innovation: What to be aware of when negotiating ABS contracts

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FNI's ABS Publications

- The **Australian ABS Framework** - A Model Case for Bioprospecting?, By Christian Prip, G. Kristin Rosendal, Steinar Andresen and Morten Walløe Tvedt, *FNI Report 1/2014*
- Medaglia, Jorge Cabrera, Morten Walløe Tvedt, Frederic Perron-Welch, Ane Jørem and Freedom-Kai Phillips. *The Interface between the Nagoya Protocol on ABS and the ITPGRFA at the International Level - Potential Issues for Consideration in Supporting Mutually Supportive Implementation at the National Level*. Lysaker, Fridtjof Nansens Institutt, 2013. (FNI Report, no. 1/2013)
- Book: **Global Governance of Genetic Resources Access and Benefit Sharing after the Nagoya Protocol**. Edited by Sebastian Oberthür and G. Kristin Rosendal Routledge, 2014.
- **Implementing the Nagoya Protocol on ABS: A Hypothetical Case Study on Enforcing Benefit Sharing in Norway** (with Ole Kristian Fauchald 2011)



FNI's

- The Aust Bioprospec Andresen a
- Medaglia, Welch, An the Nagoya Level - Pot Supportive Nansens In
- Book: *Glo Benefit Sha Oberthür a*
- *Implemen Study on E Fauchald 2*

ROUTLEDGE RESEARCH IN GLOBAL ENVIRONMENTAL GOVERNANCE

Global Governance of Genetic Resources

Access and benefit sharing after the Nagoya Protocol

Edited by
Sebastian Oberthür and
G. Kristin Rosendal



Initiative tools to be developed

- Check list
- Contract study book
- Sector briefs
- Templates
- Negotiating tool
- Contract training:
 - How and who? A group of persons that will be negotiating

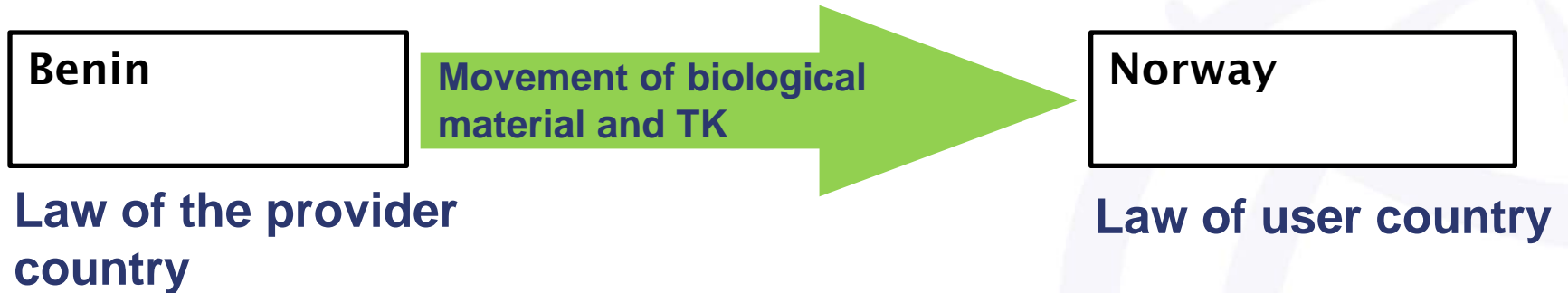


The situation in GR Policy and Law

International law

- The principle of sovereignty
- Sovereign rights over GR
(permanent sovereignty to nat. resources)

Regional level



The situation in GR Policy and Law

International law

- The principle of sovereignty
 - Sovereign rights over (natural resources)
- sovereignty to nat.

Hinder for cross-border enforcement of:

- law,
- policy,
- judgments and
- adm. decisions

How will a contract come around or be negotiated?

Benin

Mov
mate

Requirements to the contract

What is required in the contract?

Norway

How will this contract be treated under the jurisdiction or legal situation?



Contract law

International law

International private law

- different systems for making contracts work across borders



Challenges for ABS Contracts I:

- Challenge of creating incentives for the user to share and thus contribute to conservation
- The time-gap challenge: access, utilisation and benefit sharing
- The cross-boarder challenge: sovereignty, jurisdiction, Parties and private parties
- The access-challenge/failure of ABS
- No background law on GR and TK contracts



Challenges for ABS Contracts II:

- Procedural contractual issues (how to negotiate)
- Substantive issues (what is the content in the text)

What is the idea of an ABS Contract?

- Regulate the research and development
 - It is a utmost dynamic object in the contract
 - The raw material is unknown and the product is to be developed
- High degree of uncertainty – how to make good rules?
- How to construct mutual trust and collaboration?

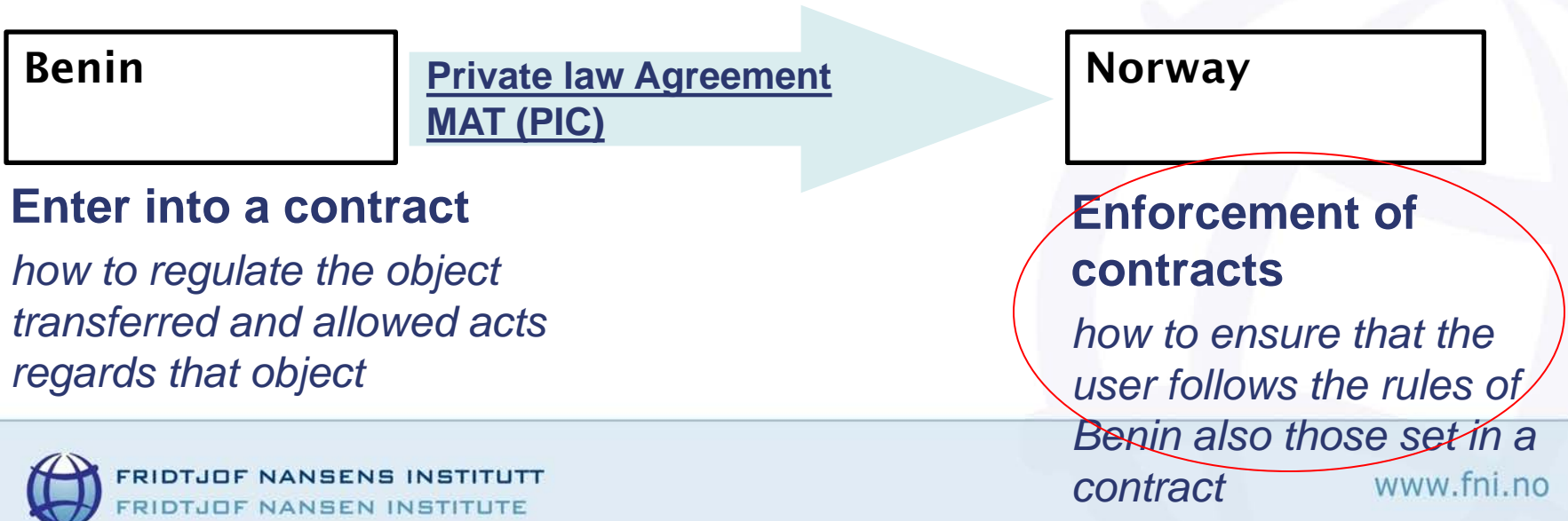


Contract law

International law

International private law

- different systems for making contracts work across borders



Making a contract:

Three Criteria of Successful ABS Negotiations:

- It should produce a wise/foresighted agreement if agreement is possible;
- It should be efficient;
- And it should create trust, improve collaboration or at least not damage the relationship between the parties.

Sources: Kabir Bavikatte

Important elements for negotiation:

- Separate PEOPLE from the problem;
 - Face-to-face meetings; take your time in responding to an email;
- Focus on INTERESTS, not positions;
 - What do you want to achieve by this contractual relationship
- Invent OPTIONS for mutual gain;
 - Clarify what is in it for both
- Insist on using objective CRITERIA.
 - How to make your contract clear and reflect the mutual interest

Sources: Kabir Bavikatte



Key element of the content of contracts:

- Parties
- Object
- Purpose
- Benefit sharing linked to specific utilisation or products (including IPR)
- Subsequent third party use
- Changes of intent
- Confidentiality
- Dispute settlement



What is your contract about?

- What are you transferring to the company?
 - The object of the contract/ subject matter
 - +
 - The actions that the user are allowed to do (positively and negatively defined)
 - Purpose



A case study – the teff contract:

- Teff varieties sent from Ethiopia to the Netherlands
- The purpose/ rational was twofold:
 - Making a new plant variety for being grown in Europe
 - Develop the market in Europe for Ethiopian grown teff
- Common ground of understanding
 - Make a long term relationship or get some quick benefits?



The object in the teff case:

4 The scope of access

- 4.1 The **Provider** agrees that the **Company** accesses and uses the genetic resources of Teff specified in Annex 1 to this **agreement**.
- 4.2 Under this **agreement**, the **Company** is permitted to use the genetic resources of Teff only for the purpose of developing non-traditional Teff based food and beverage products that are listed in Annex 3 to this **agreement**.
- 4.3 The **Company** cannot use Teff for any other purposes (e.g. chemical, pharmaceutical etc.) whatsoever unless explicit written consent is given by the **Provider**.
- 4.4 The **Provider** shall not grant to other parties access to Teff genetic resources for the purpose of producing the products of the **Company** listed in Annex 3 of this **agreement** unless it secures the consent of the **Company**.
- 4.5 The **Company** is not permitted to access the traditional knowledge of Ethiopian communities on the conservation, cultivation and use of Teff. Therefore, the **Company** shall not claim any rights over, nor make commercial benefit out of, such traditional knowledge unless explicit written **agreement** is given to it by the **Provider**.
- 4.6 To avoid possible confusion between the traditional knowledge of Ethiopian local communities and inventions made by the **Company**, the **Provider** shall, upon submission by the **Company** of its research proposals, inform the **Company** of the

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Relationship to IPRs:

5 Intellectual property ownership

- 5.1 The **Company** shall neither claim nor obtain intellectual property rights over the genetic resources of Teff or over any component of the genetic resources. However, plant variety protection may be obtained over Teff varieties.
- 5.2 The plant variety protection rights over new Teff varieties the **Company** will develop shall be co-owned by the **Company** and **EARO**. Such varieties shall be used by **EARO** and the **Company** in such a way as not to damage the business interests of the **Company** in so far as the products listed in Annex 3 or the interests of **EARO** or the **Provider** are concerned.
- 5.3 The Teff varieties that are not developed by the **Company** shall be owned by the **Provider** on behalf of the Teff farming local communities of Ethiopia. If it is found to be in the interest of the **Provider** or the **Company**, such varieties may be registered in the name of **EARO**. The **Company** shall handle and cover the cost of such registration outside of Ethiopia, provided that it has the finances in the given budget year.



Relationship to IPRs:

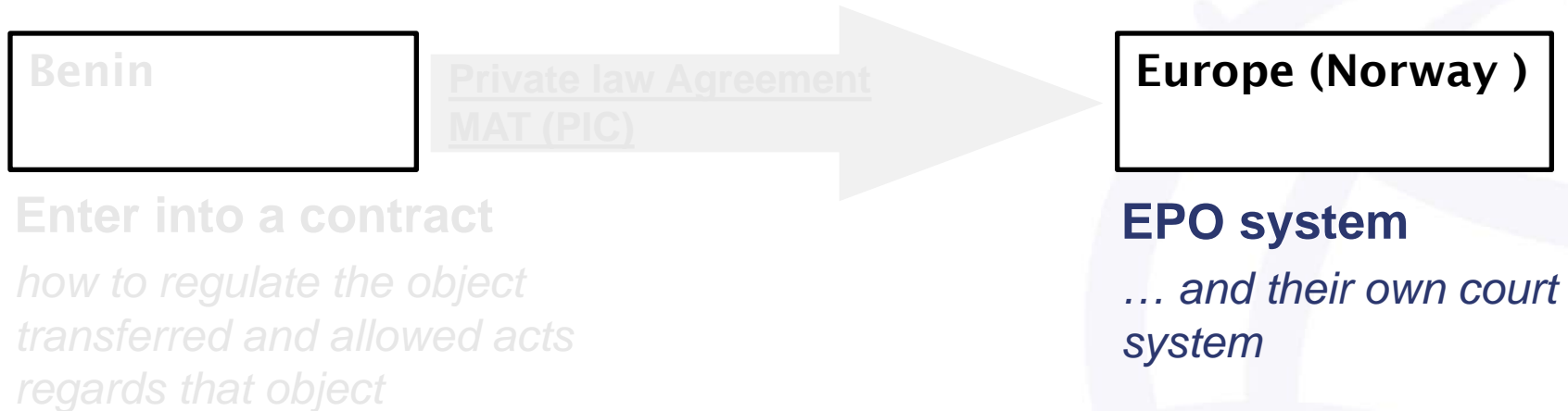
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Patent law

Autonomous international legal system - No links to ABS



Selection of claims in the teff patent

Claims

1. A flour of a grain belonging to the genus *Eragrostis*, preferably *Eragrostis tef*, **characterized in that** the falling number of the grain at the moment of grinding is at least 250, preferably at least 300, more preferably at least 340, most preferably at least 380.
2. A flour according to claim 1, **characterized in that** the grain has after-ripened.
3. A flour according to claim 2, **characterized in that** the falling number of the grain at the moment of grinding is at least 1.01 times higher than at the moment of harvesting the grain, preferably at least 1.05, more preferably at least 1.20 and still more preferably at least 1.30 times higher.



Selection of claims in the teff patent

Claims

- 4. A flour according to any one of the preceding claims, **characterized in that** the grain is gluten-free.
- 5. A flour according to any one of the preceding claims, wherein the grains has been ground at least 4, preferably least 6, more preferably at least 8 weeks after harvesting.
- 6. A flour according to any one of the preceding claims, wherein the falling number of the grain at the moment of grinding is substantially stable for at least 2-3 weeks.
- ...
- 16. A **dough or batter** comprising flour according to any one of claims 1-15.
- 17. A **gluten-free dough** or batter comprising flour according to any one of claims 1-14.
- 18. A **food product** comprising flour according to any one of claims 1-15.



Exercise:

How would you define the object to for the teff contract to target the mutual interest?



Choosing wording for a contract

Contract	Patent
Genetic resources	A flour of a grain belonging to the genus
Derivatives	After-ripened grain
Non-traditional Teff based food and beverage	A flour ... gluten-free
Any component of the genetic resources	A gluten-free dough or batter
	A method for baking a product (19)
	A food product or luxury food product prepared ...
	A plant variety

A fundamental relationship:

- What you are giving access to?
- Process – utilisation
- Product outcome:
 - Which products?
- How is the contract defining the link between GR/ TK and product?



Personality on the user side:

- Company – negotiating with the authorised persons?
- Company – in which branch does this company operate?
- A daughter company – will the mother become bound? What about the sister companies?
- Research institutions and middlemen



Personality on the provider side:

- An ABS framework?
- Owners of the resources
- Competent authority, to grant PIC
- With whom shall the contract be negotiated?
 - Authority
 - Others



Large changes of structure:

- Transfer for third parties?
- Merger?
- Acquisition?
- Bankruptcy?
 - How will the contract work in a bankruptcy situation?



Changes:

- New use
 - Not foreseen in the contract
 - Foreseen but depends on a new negotiation
- Contract from one sector to a finding in another
- Academic a commercial

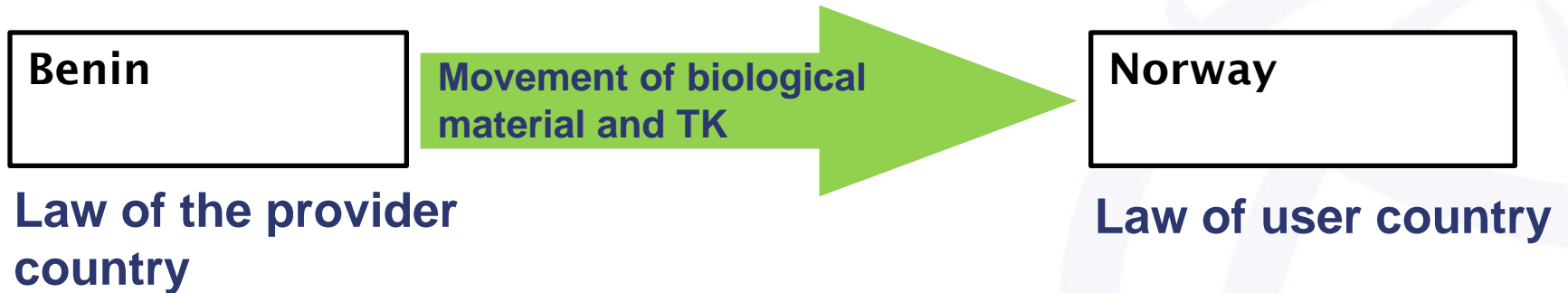


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Confidentiality:

- About the contract
- Terms in the contract

Exclusivity

- For how long time shall the one user have exclusive right
 - At species level
 - At accession level



Enforcement and compliance:

- Dispute settlement
- Choice of law – a two edge sword
- Alternative dispute settlement mechanisms
 - Conciliation, arbitration
- Getting assests of the company under your legislation

The Company shall pay such sum of US dollar XXX (US dollar XXX) to the AA as a guarantee deposit returnable on the completion of the scoping phase by the Company in compliance with the terms of this Agreement.

The interest generated from the deposit will be injected into ABS Fund for strengthening the sustainable conservation initiatives of biological resources.



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Thank you for your attention

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