



ITALIAN REPUBLIC
IN THE NAME OF THE ITALIAN PEOPLE
THE SUPREME COURT OF CASSATION
FIRST CIVIL SECTION

Composed of the Honorable Magistrates

Dr. Francesco Antonio Genovese	President
Dr. Marina Meloni	Councilor
Dr. Laura Tricomi	Councilor
Dr. Rosario Caiazza	Councilor
Dr. Eduardo Campese	Councilor - rel.

Subject

APPEAL OF ARBITRATION AWARD. COMMUNITY PLANT VARIETY RIGHTS.

Ud. 21/03/2024 PU

Chron.

R.G.N. 25489/2022

pronounced the following

JUDGEMENT

On appeal R.G.No. 25489/2022 brought by:

MIGLIONICO ANGELA, owner of the same name individual company located in Altamura (BA), Via Siracusa No. 37, represented and defended, by special power of attorney attached to the appeal, by the lawyer Francesco Saverio Costantino, with whom electively domiciled in Rome, at Via Cassiodoro No. 1/a, at the office of the lawyer Marco Anecchino.

Appellant-

against

SUN WORLD INTRNATIONAL LLC, current in Bakersfield, California, USA, in the person of its legal representative David O. Marguleas, represented and defended, under a power of attorney notarized by Notary J. Stange, dated October 25, 2022, legalized by Apostille,

by the lawyers Fabrizio Jacobacci, Emanuela Truffo and Claudia Scapicchio, with whom electively domiciled at the latter's office in Rome, at Via Tomacelli No. 146.

Counterclaimant –

against the judgment, no. cron. 2704/2022, of the COURT OF APPEAL OF MILAN published on 05/08/2022;

having heard the report of the case delivered at the public hearing on 03/21/2024 by Councilor Dr. Eduardo Campese;

after hearing the Public Prosecutor, in the person of the Advocate General Rita Sanlorenzo, who concluded by seeking the acceptance of Miglionico's appeal be limited to its second plea, and declaring the first plea inadmissible;

after hearing on behalf of the appellant, Mr. Francesco Saverio Costantino, who applied to have his appeal granted;

having heard, hearing, for the counterclaimant, the lawyer Emanuela Truffo, who concluded by asking to be declared inadmissible or otherwise unfounded both the grounds of appeal ; read the memoirs according to Article 378 of the Code of Civil Procedure filed by the parties.

CAUSE FACTS

1. On February 3, 2015, Sun World International LLC (hereinafter, "Sun World") - a U.S. multinational company owner of a European plant variety right on the variety called "*Sugranineteen*" that produces seedless red table grapes, marketed under the registered trademark "*Scarlotta seedless*" - entered into a contract with the individual company "*Miglionico Angela*" - the owner of a 1,8-hectare plot of land located in Acquaviva delle Fonti (BA) - a contract referring as "Rental Contract with Grape Producer" (henceforth, "*the Main Contract*") by which it granted , in return for the payment of a fee of € 855.60, the license to lease and cultivate 3,100 *Sugranineteen* buds on its land. The aforementioned contract provided, in Article 2, set the obligation for the Miglionico to obtain the buds exclusively from authorized Sun World nurseries. However, on the same date, at Miglionico's request, the parties entered into a second contract called "*Authorization for Propagation*," which, in derogation of the aforementioned Art. 2 of the *Main Contract*, allowed the latter to obtain buds from an unauthorized nursery - Azienda Agricola Badessa – still part of the Sun World's

exclusive distribution. The Main Contract also provided , in Article 4, that the fruit produced from the leased plants had to be marketed by an authorized Sun World distributor. In compliance with this obligation, Miglionico designated Di Donna Trade s.r.l. as its authorized distributor, but the whole 2016 harvest, according to the first, was compromised by the strong floods hitting Puglia between September and November 2016 and the unavailability of the aforementioned distributor to harvest in time.

1.1 By a letter dated Dec. 12, 2016, Sun World instructed Miglionico to remedy some of its failures (failure to pay the compensation fee of Euros €855.60; failure to notify, within the contractual deadline, the name of the authorized distributor chosen ; marketing of the grape "Sugranineteen" to an unauthorized distributor, Gianni Stea Import Export s.r.l, a company owned by Miglionico's husband and in which she held the role of a sole administrator and, receiving no response, communicated to the other party the formal termination of the Main Contract for non-compliance.

1.1.1. Nevertheless Miglionico made the payment, in favor of Sun World, of the aforementioned compensation fee, but, with note dated January 20, 2017, Sun World reiterated to her that the Main Contract should now be considered definitively terminated and ordered her to proceed with the uprooting of all "Sugranineteen" plants within 10 days. On the following June 13, 2017, it also informed all members of its distribution network that Miglionico had been excluded from those authorized to produce the "Sugranineteen" variety, which made it impossible for it to market the grapes produced under the contract.

1.2. On these grounds and making use of the arbitration clause in Art. 9.8 of the Main Contract, on November 16, 2017, Sun World promoted an arbitration proceedings before the Milan Chamber of Arbitration, requesting that Miglionico's serious breach be established for having marketed the "Sugranineteen" grapes outside the network of Authorized Distributors and that, therefore, the contract entered into *inter-partes* be definitively terminated for breach. It also demanded the order of the counterparty to pay Euros 100,000.00 (or possibly such other amount established according to the equity criteria) in compensation, as well as Euros 36,000.00 as a penalty for non-compliance , in addition to the refusal of legal fees.

1.2.1. Miglionico appeared to the Court and, in contesting everything *ex adverso* deduced, objected, as a preliminary matter, to the lack of jurisdiction of the board of arbitration in favor of the ordinary court because of the invoked invalidity of the aforementioned arbitration clause insofar as it was contained in a contract prepared unilaterally by the counterparty and not specifically approved in writing under Article 1341, paragraph 2, of the Civil Code. On the merits, then, it asked that the nullity of the contract concluded between the parties for violation of the principle of exhaustion provided for in Regulation (EC) No 2100/94 transposed into the Code of Industrial and Intellectual Property, as well as for violation of Article 102 TFEU (prohibition of abuse of dominant position) and 120 TFEU (free competition). Finally, in the alternative, it demanded a determination of the absence of any breach that of contract and, in counterclaim, it asked the opposing party to be ordered to pay compensation for alleged damages, including image damages, suffered.

1.3. By partial award dated April 20, 2018, the arbitration panel found that it had jurisdiction to decide the dispute, and in a subsequent final award dated January 2019, it ruled as follows: "a) *Declares that Miglionico has not fulfilled the Contract by selling Scarlotta Seedless grapes to unauthorized distributors; b) Declares that the Contract must be considered terminated due to Miglionico's fault as of the date of issuance of this award; (c) Orders Miglionico to uproot all Sugranineteen buds on his land in the presence of a representative of Sun World within 20 days of CAM's notification of this award; (d) Orders Miglionico to pay a symbolic €1 as damages; (e) Orders Miglionico to pay half of Sun Word's legal fees of €8.474; f) orders Miglionico to pay Sun Word half of the costs incurred, amounting to € 8,135; g) orders Miglionico to pay half of the total costs of the arbitration, set by the decision of the Arbitration Council No. 2010/6 of October 4, 2018, as (i) € 23,000, plus VAT and taxes, where due, as court fees, (ii) € 3.500, plus VAT where due, as a fee for the CAM, (iii) €192 as reimbursement for fees related to revenue stamps affixed to hearing orders and minutes, (iv) €1,730.00, plus VAT where due as reimbursement for hearing minutes and registrations, and (v) €480 as reimbursement for revenue stamps due on the three original copies of the arbitration award; h) reject all other requests."*

2. The appeal of both awards brought by Miglionico ex Articles 828 and 829 of the Code of Civil Procedure was decided by the Court of Appeal of Milan with judgment of August 5, 2022, no. 2704, rendered in cross-examination with Sun World, in turn

an incidental applier of the final award, in which that Court thus ruled: "*Dismiss the appeal of the partial award rendered on April 20, 2018; declare inadmissible and/or unfounded the appeal of the final award rendered on January 7, 2019; declare inadmissible and/or unfounded, the cross-appeal proposed by Sun World; compensate for a quarter of the costs of litigation between the parties and, as a result, order Miglionico to reimburse Sun World for the remaining three quarters, settled in a total of € 7,136.25 plus flat rate reimbursement of general expenses in the amount of 15%, VAT and CPA as required by law.*"

2.1. Insofar as still of interest here, and in brief, the territorial Court: i) disregarded the allegation, proposed against the non-final award, relating to the - documented and undisputed - failure to specifically approve the arbitration clause, with consequent ineffectiveness under Article 1341 of the Italian Civil Code, on the basis of two separate arguments: first, according to which the existence of specific elements relating to today's plaintiff, on the one hand, and the nature of the contract (i.e., of "transmission of intellectual property rights"), on the other hand, precluded the application of the mentioned provision; second, according to which the peaceful exclusion of the applicability of Art. 1341 of the Italian Civil Code to foreign arbitrations governed by the New York Convention of June 10, 1958 (enforced by Law No. 62 of January 17, 1968), was also applicable to arbitrations other than those expressly governed by Article 1 of the aforementioned Convention (i.e. recognition/enforcement "*of arbitral awards issued, in the territory of a state other than the one where recognition and enforcement are sought, in disputes between natural and legal persons,*" as well as "*to arbitral awards not considered national in the state where recognition and enforcement are sought*") where characterized by "profiles of internationality." (ii) rejected the further complaint, directed against the final award, whereby it was ascribed to the arbitration panel to not find ex officio a contractual nullity of the "Authorization to Propagate" due to the unlawfulness of the object, as extensively argued by Miglionico in the closing appearance of June 14, 2021, also on the basis of a diriment ruling of the Court of Justice issued in the meantime. In this regard, the Court of Milan observed, first of all, that "*the legislator, with the new Article 829 of the Italian Code of Civil Procedure, does not admit among the mandatory cases of nullity of the award "the violation of the rules of law relating to the merits of the dispute," unless such hypothesis of nullity has been "expressly ordered by the parties" pursuant*

to Article 829, paragraph 3, of the Italian Code of Civil Procedure, a hypothesis that does not occur in the case at hand. Therefore, the violation of rules of law, in the absence of express provision, is admissible only if the exceptional hypotheses set forth in Article 829, third and fourth paragraphs, of the Code of Civil Procedure are met: contrary to public order, disputes provided for in Article 409 of the Code of Civil Procedure, and violation of rules of law concerning the resolution of preliminary questions on matters that cannot be the subject of agreement and arbitration." Subsequently, describing the arguments with which Miglionico had intended to justify the alleged violation of principles of public order, it opined that, as the complaint textually was worded, "it is not given to see under what profile, not made explicit, it should violate public order, taking into account in particular that the principles of public order are to be identified in the fundamental principles of our Constitution or in those other rules that, although not found in it, respond to the need of a universal nature to protect fundamental human rights or that inform the entire system so that their violation results in a distortion of the founding values of the entire system. The censure, therefore, proves to be without merit. In conclusion, it should be noted that [...] the complaints concerning violations of rules of law relating to the merits of the dispute are inadmissible, since no derogation is provided for in the arbitration clause from the ordinary post-Reformation regime, which has reversed the rule/exception principle on the review concerning errores in iudicando."

3. Angela Miglionico, owner of the same name individual company, has filed an appeal to the Court of Cassation against the above-mentioned judgment, relying on two pleas, also illustrated by a pleadings ex Art. 380-bis.1 of the Italian Code of Civil Procedure. Sun World International LLC resisted with a counter-appeal, accompanied by analogous plead.

3.1. The First Civil Chamber of this Court, assignee of the proceedings, in its interlocutory order dated October 6/10, 2023, no. 28310, held that "The question as a whole posed by the arguments outlined in the second ground of appeal - concerning the conformity, or not, with public order of the contractual power of the holder of a Community plant variety right to exploit it possibly in defiance of the founding principles of the European Union (of protection of competition and safeguarding of agricultural production) that govern its limits (also taking into account the sanction of the judgment of the Court of Justice of the European Union of December 19, 2019, C-

176/18, *cd. Nadorcott case*) - makes it appropriate to refer the case back to the public hearing, given its relevance (taking into account the reflections on similar disputes) and the lack of specific precedents, in the jurisprudence of legitimacy, on the aspects highlighted in the aforementioned grievance." Therefore, it adjourned today's proceedings to the public hearing on March 21, 2024, in proximity to which both parties filed briefs pursuant to Article 378 of the Code of Civil Procedure.

REASONS FOR THE DECISION

1. Even before proceeding to the description and scrutiny of the formulated grounds of appeal, the Court considers that it must reiterate (see, *amplius*, Cass. no. 23485 of 2013, as well as, in a substantially compliant sense, the more recent Cass. no. 2985 of 2018, Cass. no. 2137 of 2022, Cass. no. 15619 of 2022, and Cass. no. 9434 of 2023) of appeal for nullity of the arbitration award constitutes a limited critical judgment, which can be brought only for certain specifically provided errores in procedendo, as well as for non-compliance by the arbitrators with the rules of law within the limits indicated by Article 829, paragraph 3, of the Code of Civil Procedure (in the text as amended by Legislative Decree No. 40 of 2006); it applies the rule of specificity in the formulation of grounds, in view of the rescinding nature of this judgment and the fact that only compliance with the said rule can allow the judge, and the defendant, to verify whether the objections formulated correspond exactly to the cases of appeal established by that rule .

1.1. Moreover, in the appeal before the Cassation Court against the judgment that decided on the said appeal, as it must ascertain whether the judgment itself is adequately and correctly motivated in relation to the grounds for the appeal of the award, the review of legitimacy is to be conducted exclusively through the finding that the judgment that decided on the appeal of the award is in conformity with the law and that the motivation of the judgment that decided on the appeal is adequate and congruous. This implies that the relevant complaint, in order to comply with the burden of specifying the reasons for the appeal, cannot be limited to a recall of principles of law, with an invitation to the appellate court to check that it is complied with by the arbitrators and the Court of Appeal, nor, much less, in a simple request for a review of the appellate court's evaluations and convictions in law, but requires, on one hand, a pertinent reference to the facts held by the arbitrators, in order to make self-

sufficient and intelligible the argument that the consequences drawn from those facts violate those principles (cf. Cass. No. 23670, 2006; Cass. Nos. 6028 and 10209, 2007; Cass. No. 21035, 2009; Cass. no. 23485 of 2013; Cass. no. 15619 of 2022; Cass. no. 9434 of 2023); on the other hand, the exposition of intelligible and exhaustive arguments to illustrate the deduced violations of norms or principles of law, with which the appellant is called upon to specify in what way - whether by contrast with the indicated norm or with the interpretation of the same provided by the jurisprudence of legitimacy or the prevailing doctrine - the violation in which the judgment of merit is alleged to have occurred took place (cf. cf. Cass. No. 9434 of 2023; Cass. No. 15619 of 2022; Cass. No. 23485 of 2013; Cass. No. 3383 of 2004; Cass. No. 12165 of 2000; Cass. No. 5633 of 1999).

2. That being said, the pleas in law put forward in support of this action denounce, respectively:

1) "*Violation and false application, pursuant to Article 360, paragraph 1, no. 3, c.p.c.*" The two separate lines of argument, already described, by which the court territorial held that the arbitration clause in Article 9.8 of the *Main Contract*, under which Sun World gave impetus to the arbitration proceedings culminating in the awards that are the subject of the appeal still under discussion, was fully valid and effective. The appellant asserts that: i) in the present case, "*It is evident from the very literal tenor of the contract between the holder of a worldwide industrial property right and the totality of farmers interested in exploiting it on their plot of land, that it is the standard contract between Sun World and all the 'qualified producers' referred to in the preamble and in which, a detail not to be overlooked, Sun World is referred to by its name while the counterparties to each contract are referred to by a definition (i.e., the 'Qualified Producer'). In addition to a total lack of understanding of the relationship at issue in the case, the Court of Appeal erroneously valorized, as elements of specialty such as to exclude the application of Article 1341 of the Civil Code both the specifics of today's appellant's land [...], and the apodictic assertion that the transmission of intellectual property rights, "presupposes a certain degree of cooperation, trust and intuitu personae" [...]: characteristics - these - that are completely incompatible with a contractual scheme intended to regulate an indefinite series of relationships with an undifferentiated plurality of parties.*" Nonetheless, the only parts of the contract that identify today's plaintiff are personal details (in the header) and the specifications of

the land (in the annexes) and are included, [...], in a distribution project of significant size, clearly proclaimed in the premises and far from being limited to the sole proprietorship "Miglionico" [...]. In this context, it is truly incomprehensible how the Court could conclude that the contract in question was 'incompatible with a contractual scheme designed to regulate an indefinite series of relationships with an undifferentiated plurality of subjects'; ii) "The circumstance that Miglionico has requested and obtained, after the contract was signed, a single modification with respect to a set of rules fully dictated by Sun World and slavishly accepted, does not allow at all for the conclusion that the contract was negotiated. And it is indicative, in this regard, that the amendment , instead of a reformulation of the clause in the contract , was drafted on a separate deed."; iii) "The non-final award, like the final award, was issued by the Milan Chamber of Arbitration, in Italy and under Italian law. The circumstance that one of the parties is a foreign company does not allow to exclude the application of Article 1341 C.C. on the basis of the existence of unspecified "profiles of internationality"; iv) "[...] the Court of Appeal relied on Cass. SS.UU., May 22, 1995, No. 5601 concerning the sufficiency of the written form about foreign arbitration but, contrary to the judgment mentioned, has drawn the consequence that this derogation also applied to awards that present "internationality profiles". [...]. To this last definition, "awards with a profile of internationality", which is quite general and without well-defined boundaries, the Court has attributed in fact the quality of the constitutive element of the case, functional to the identification of a discipline that completely disregards the choice of the parties. Nor are the arguments which the Court has classified as "teleological" and as "a fortiori" capable of maintaining the contested decision and its consequences»

II) concerning "Infringement and misapplication, pursuant to Article 360, Paragraph 1, No. 3, of the Code of Civil Procedure, of Article 829, Paragraph 3, of the Code of Civil Procedure and Article 13 of Council Regulation (EC) No. 2100/94 of July 27, 1994, on Community plant variety rights." The applicant's defense: (i) points out, preliminarily, that "the issue, relating to a standard contract with all "Authorized Producers" and thus all farmers entitled to cultivate plants under the concession of Sun World, as the holder of a plant variety right, has a far broader scope than the judgment before us because it is under discussion , for the first time before this Court, whether the contractual power of the holder of the plant variety right to exploit it in

disregard of the founding principles of the European Union (of protection of competition and safeguarding of agricultural production) which govern its limits, complains with public order."

(ii) reports, then, extensive excerpts of its final appeal appearance in which it had argued the alleged violation and misapplication of Article 13 of Regulation (EC) No. 2100/94 (concerning Community plant variety rights) and described the most recent arrests of Community case law (not yet intervened at the time of the appeal), including the CJEU's judgment of December 19, 2019, C- 176/18, cd. "*Nadorcott*" case, and censures the contested decision insofar as the court of appeal held inadmissible the grievance relating to the violation of rules of law referred to herein due to the lack of the requirement that the complained of vice be contrary to public order. It asserts that "*It would have sufficed if the court had read points Nos. 33 and 34 of the Nadorcott judgment, expressly referred to by today's appellant, to dispel any doubts as to the relevance of the complaint in the light of Article 829, para. 3 of the Code of Civil Procedure.*"

3. The first of these grounds is found to be overall inadmissible based on the considerations set forth below.

3.1. As previously stated , the district court disregarded the grievance against the non-final award, relating to the - documented and uncontested - failure to specifically approve the arbitration clause, resulting in ineffectiveness pursuant to Article 1341 of the Civil Code, on the basis of two distinct, autonomous *rationes decidendi*, the first of which (already described above in § 2.1. of the "*Facts of the Case*") resists the corresponding censure addressed to it today by Miglionico.

3.2. In the present case, in fact, in the light of the findings of the Court of Appeal (see pp. 8-9 of the judgment appealed today) about the existence of specific elements, in the "*Main Contract*," relating to the current appellant and the nature of the contract itself, and, above all, as to the modification obtained by Miglionico (although with a second contract, called "*Authorization to propagate*," clearly aimed, however, at supplementing the regulations of the first one), the hypotheses of contract by adhesion or general conditions of contract cannot be configured, given that, as appropriately pointed out, still recently, by Cass. No. 8280 of 2023 (see p. 7-8 of its reasoning), "*the mere activity of formulating contractual rules has to be distinct from the*

preparation of general terms and conditions, since contractual clauses drafted by one of the contracting parties in anticipation of and with reference to a single, specific transaction, to which the other contracting party may, quite legitimately, request to make the necessary changes after freely appreciating their content, cannot be considered as such - Cass. no. 12153/2006, Cass. no. 2208/2002, Cass. no. 8513/2008. In fact, only those negotiation structures intended to regulate an indefinite series of relationships, both from a substantive point of view (if, that is, prepared by a contracting party that performs contractual activity towards an undifferentiated plurality of subjects) and from a formal point of view (where, that is, predetermined in content by means of forms or forms that can be used in series), can be qualified as contracts "by adhesion" with respect to which there is a requirement for the specific written approval of the vexatious clauses, while contracts prepared - as in the case in point - by one of the two contracting parties in anticipation of and with reference to a single, specific negotiation event, with respect to which the other contracting party may, quite legitimately, request and make the necessary changes after freely appreciating the content, as well as, a fortiori, those in which the store was concluded following and as a result of negotiations between the parties (Cass. 6753/2018)". In a way substantially in line with the principles just reported, moreover, see also Cass. no. 7605 of 2015, p. 3-4; Cass. No. 20461, 2020, p. 4-5; Cass. No. 10258, 2022, p 6; Cass. No. 18428 of 2023, p. 11).

3.2.1. Therefore, since neither general conditions of contract nor contract by adhesion can be configured in this case, the issue of the failure to sign, ex Art. 1341 of the Civil Code, the arbitration clause in consideration no longer assumes any relevance.

3.3. Furthermore, for reasons of completeness, it should be noted that, according to the case law of this Court agreed upon here, the assessment regarding the vexatious nature of a contractual clause is a factual judgment, which can be made only by interpreting the clause itself in the overall context of the contract, to determine its meaning and scope (see Cass. No. 10258 of 2022, p. 5-6 of the grounds; Cass. No. 12125 of 2005; Cass. No. 4801 of 2000).

3.3.1. It remains, therefore, only to take note of assessment the assessment of the merit made by the district court, in respect of which the arguments of the censure, on

this point, appear substantially aimed at obtaining a re-examination in order to consider configurable, in today's case, a contractual scheme intended to regulate an indefinite series of relationships with an undifferentiated plurality of subjects, to make it applicable the discipline of Article 1341 of the Civil Code. However, the judgment of legality, cannot be surreptitiously transformed into a new, not allowed, further degree of merit, in which to re-discuss the preliminary findings expressed in the contested decision, which are not shared and, for that reason alone, censured in order to obtain the replacement with others more suited to their expectations (see Cass. no. 21381 of 2006, as well as, among the most recent, Cass. no. 8758 of 2017; Cass, SU, No. 34476 of 2019; Cass. Nos. 32026 and 40493 of 2021; Cass. Nos. 1822, 2195, 3250, 5490, 9352, 13408, 5237, 21424, 30435, 35041, and 35870 of 2022; Cass. no. 1015, 7993, 11299, 13787, 14595, 17578, 27522, 30878, and 35782 of 2023; Cass. Nos. 4582, 4979, 5043 and 6257 of 2024).

3.4. The aforementioned conclusion makes inadmissible, then, the grievance *de qua* insofar as it challenges the other, independent ratio decidendi - the deemed applicability also to arbitrations other than those expressly governed by Article 1 of the New York Convention of June 10, 1958 (enforced in Italy by Law 17 January 1968, no. 62), where characterized by "profiles of internationality," of the peaceful exclusion of the applicability of Article 1341 of the Civil Code to foreign arbitrations governed by the aforementioned Convention - of the district court on the same issue. Where to apply, in fact, the principle that where the corresponding reasoning of the judgment is supported by a plurality of reasons, distinct and independent, such as legally and logically sufficient to justify the decision adopted on the point, the omission or unsuccessful appeal of one of them makes inadmissible, due to lack of interest, the censure relating to the others, which, since the autonomous reasoning not challenged has become final, could not produce in any case the annulment, *in parte qua*, of the judgment (see, *ex multis*, also in their respective grounds, Cass. no. 4067 of 2024; Cass. no. 26801 and 4355 of 2023; Cass. no. 4738 of 2022; Cass. Nos. 22697 and 3194 of 2021; Cass., SU, No. 10012 of 2021; Cass. no. 15075, 2018; Cass. no. 18641 and 15350, 2017).

4. The second ground of appeal calls into question, for the first time before this Court, the issue of whether or not the contractual power of the holder of the plant breeder right to exploit it in disregard of the founding principles of the European Union

(the protection of competition and safeguarding agricultural production) that govern its limits. Specifically, the right concerns a particular plant variety called "Sugranineteen" that produces seedless red table grapes, marketed under the registered trademark "Scarlotta seedless".

4.1. Therefore, preliminary, it seems useful to outline the relationships generally existing between operators in the supply chain of grapes protected by plant variety rights.

4.1.1. Upstream are the breeder companies, which own the intellectual property rights to the patented cultivars; these companies license the grape varieties to licensees, which can be either agricultural producers or, predominantly, business entities involved in grape distribution/marketing. Where the licensee is the grape distribution/marketing enterprise, it enters into a sub-license agreement with the producer, either directly or on behalf of the breeder. The license to use the grape variety does not involve the transfer of ownership of the plant, which remains the property of the breeder throughout the contract; instead, the producer is the owner of the fruit. It may be the case, among other things, that breeders make the licensed supply of vines to growers conditional on the supply to their distributors of the entire production of grapes obtained, or that growers are not found to be authorized to sell to others any product refused by the distributor indicated by the breeder for reasons related to poor quality.

4.2. The concrete background to today's dispute has already been exhaustively described in §§ from 1 to 1.3. of the "*Facts of the Case*," which, for intuitive reasons of summary, must be understood entirely reproduced here.. Likewise, and for the same reasons, it should be recalled here the contents of § 2.1. of the "*Facts of the Case*," in the part where the reasoning was reported in which the district court rejected the complaint, made by Miglionico against the final award, in which, among other things, it was ascribed to the arbitration board that it had not found *ex officio* a contractual nullity of the "Authorization to Propagate" due to the unlawfulness of the object, as extensively argued by today's appellant in the closing appearance of June 14, 2021, also on the basis of the ruling allegedly upright of the Court of Justice of December 19, 2019, Case C-176/2018 (the so-called Nadorcott case) *medio tempore* issued. It is useful, moreover, to recall that the territorial court (see p. 13 et seq. of

the appealed judgment), after pointing out that *"the legislator, with the new Article 829 c.p.c., does not admit among the peremptory cases of nullity of the award "the violation of the rules of law relating to the merits of the dispute," unless such hypothesis of nullity has been "expressly ordered by the parties" pursuant to art. 829, paragraph 3, c.p.c.,"* stated that: i) the latter hypothesis *"does not occur in the case at hand. Therefore, the violation of the rules of law, in the absence of express provision, is admissible only if the exceptional cases referred to in Article 829, third and fourth paragraphs, c.p.c. occur: contrary to public order, disputes provided for in Article 409 c.p.c. and violation of rules of law concerning the resolution of preliminary questions on matters that cannot be the subject of agreement and arbitration."* (ii) *"it is not apparent from what point of view, , which is not made explicit, public order should be considered violated, taking into account in particular that the principles of public order are to be identified in the fundamental principles of our Constitution or in those other rules which, although not found in it, respond to the need of a universal nature to protect fundamental human rights or which inform the entire legal system so that their violation results in a distortion of the founding values of the entire legal system."*

4.3. Without prejudice to the foregoing, the decision of the plea therefore requires the Court to ask, first of all, whether, and if so to what extent, the principles enshrined in the aforementioned judgment of the Court of Justice of December 19, 2019, Case C-176/2018, are concretely usable, or not, in the present case. Subsequently, assuming that this question is answered in the affirmative, it will be necessary to identify the consequences of the application of those principles on the relationship between Miglionico and Sun World International LLC, recalling that the same was declared terminated by the arbitration panel, with the final award, for the failure of today's plaintiff to *"fulfill the Contract by selling Scarlotta Seedless grapes to distributors unauthorized."* Finally, again in said positive hypothesis, it will have to be determined whether it is configurable, or not, a contrariety to public order of the agreement as a whole by contractual clauses Nos. 3.4 and 4.2. of the same Contract, so as to make the contested award in any case reviewable pursuant to Art. 829, para. 3, cod. proc. civ.

4.3.1. All of this, moreover, without forgetting that, as reiterated by Cass No. 5381 of 2017 (see p. 4-5 of the grounds), *"in the domestic legal system, the*

pronouncements of the Luxembourg court define the scope of the EuroUnionEuro-unitary rule as it should have been understood and applied from the time of its entry into force. For this reason, those pronouncements extend their effects to relationships that arose at an earlier time, provided that they have not been exhausted (see Court of Justice, Aug. 11, 1995, Joined Cases C-367/93 to C-377/93, Roders and Others, para. 42, and Oct. 3, 2002, Case C- 347/00, Barreira Perez, para. 44). The above principles, fully consistent to the mechanism of the preliminary reference - now governed by Article 267 TFEU - and the nomofilactic tasks attributed to the Court of Luxembourg by the EU Treaty, to be considered absolutely firm and consolidated in the case law of the Court of Luxembourg (see, ex multis, Court Just., February 17, 2005, Case C -453- 02 and C- 462/02, Finanzamt Gladbeck, p. 41), are likewise rooted in the case law of the Constitutional Court and this Court itself [...]. The interpretation of a rule of EU law provided by the European Court of Justice is limited to clarifying and specifying the meaning and scope of the rule itself, as it should have been interpreted from the time of its entry into force, with the consequence that the interpreted rule - provided that it has direct effect (insofar as from it the subjects operating within the systems of the member states can derive legal situations directly protectable in court) - can and must be applied by the court also to legal relationships which arose and developed before the interpretative judgment, unless, by way of exception and in application of the general principle of legal certainty inherent in the Community legal order, the Court itself - and not, on the other hand, also the national court - has limited the possibility for the persons concerned to rely on a provision interpreted by it in order to call into question legal relationships established in good faith or in order to avoid serious disadvantages (cf. Cass, no. 5708, 10/03/2009)."

4.3.2. The issue, therefore, is that of the binding nature of the ruling rendered in the context of the Court of Justice's so-called interpretive preliminary ruling procedure. That is, it is a question of investigating the "normative" effectiveness that that same ruling (which certainly has binding effects for the court *a quo*. Cf. Const. Court. June 24, 2010, no. 227) must produce concerning other cases, because, as noted in the doctrine, here the theme of precedent is intertwined and risks becoming confused with that of the effectiveness subjectivity of the Court's pronouncements. So much so that there has even been talk of the "*authority of the thing interpreted*."

4.3.3. The position of the majority doctrine, with various nuances, is in the sense of recognizing the Court's preliminary rulings as having extensive capacity vis-à-vis other proceedings, by their declared efficacy *erga omnes* or at least *de facto ultra partes*, due to the necessary guarantee of the uniform application of the interpretation of Euro-unitary law, assisted by the obligation of member states to take all measures "appropriate to ensure the fulfillment of the obligations arising out of the Treaties or resulting from the acts of the institutions of the Union" (Article 4, TEU). On the other hand, in some circumstances, even this Court has gone so far as to speak of "binding" or "normative" efficacy of the supranational court's interpretative pronouncements, evidently on the assumption that it performs a nomofilactic function comparable to that assigned by the domestic system to the Supreme Court (significant, in this regard, turns out to be the motivational passage of Cass. no. 20216 of 2022, in which it is stated that "the intervention, in the course of the judgment of legitimacy, of a pronouncement of the Court of Justice of the EU, rendered in the exercise of its powers of binding interpretation of a provision of the Community system, cannot be qualified as *ius superveniens*, the said pronouncement being relevant only from the point of view of the finding of the compatibility of said internal rule with the Community rules [ex plurimis Cass. no. 5991/1987]. The rulings of the Court of Justice of the EU have, in fact, binding, direct and prevailing effect on national law, so confirmed by the Constitutional Court in its rulings No. 168/1981 and No. 170/1984.").

4.3.4. This expansive capacity of the European court's interpretation, however, must refer to its abstract possibility of extension, concerning the whether of application to proceedings other than those in which the interpretation is elaborated. Otherwise, judicial precedent theory is concerned with *when* (in the sense of *under what conditions*) such an interpretation can, or even should, apply to other proceedings, as they are subject to what may be called the same normative *status*. On the other hand, this is what is being reasoned about when dealing with the constraint and limits of the conforming interpretation required of the common court, understood as the subsequent court in the logic of the so-called *vertical precedent*. Therefore, the doctrinaire observation that the "decision rendered on a reference for a preliminary ruling is not only binding on the court that raised the question, but also explains its effects with respect to any other case that is to be decided in application of the same provision of Union law interpreted by the Court."

4.4. Having said that, it is necessary to recall, immediately, the concrete case on which the aforementioned decision of December 19, 2019, Case C-176/18 of the Court of Luxembourg intervened.

4.4.1. Its reading shows that it concerned the case of a Spanish farmer who had purchased, from a plant nursery, a seedless mandarin variety, "*Nadorcott*," prior to the date of the granting of the relevant Community Plant Variety Rights (CPVR).

4.4.1.1. The right holder, *Compania de Variedades Vegetales Protegidas* (CVVP) had acted against the farmer, seeking provisional protection for acts done before the grant, claiming, on the other hand, infringement under Article 94 of Council Regulation (EC) No. 2100/94 of July 27, 1994 (concerning Community plant variety rights) for acts done after that date and demanding the cessation of all unauthorized acts (including the marketing of the fruit) and damages.

4.4.1.2. In the first instance, the court hearing the case had found the proceedings time-barred under Article 96 of the Regulations. On appeal, the claims had been dismissed on the merits because the farmer had purchased the plants in good faith from a nursery open to the public and because the purchase had occurred at a date prior to the date of the CPVR grant.

4.4.1.3. Subsequently, the Spanish Supreme Court asked "*whether the planting of plant constituents of a protected variety and the harvesting of the fruits of those constituents should be regarded as an act concerning 'varietal constituents' requiring, under Article 13(2)(a) of Regulation No. 2100/94, the prior authorization of the holder of the Community plant variety right relating to the plant variety, on pain of constituting an act of infringement, or rather an act concerning "harvest products," which, according to the same court, is subject to such an obligation of prior authorization only under the conditions set forth in Article 13(3) of that Regulation. Assuming that Article 13(3) of Regulation No. 2100/94 is applicable to the case before it, [...] further asks whether the condition relating to an "unauthorized use of the varietal constituents of the protected variety," within the meaning of that provision, can be met if the variety in question, whose planters were acquired during the period between the publication of the application for the right and the actual granting of the right, benefit only from 'provisional protection' in accordance with Article 95 of that regulation.*"

4.4.1.4. It decided, therefore, to stay the proceedings before it and refer the following questions to the Court of Justice for a preliminary ruling:

"(1) If a farmer has purchased from a nursery (third-party business establishment) seedlings of a plant variety and planted them before the granting of the breeder right for that variety took effect, whether the later activity carried out by the farmer, consisting in the harvesting of the subsequent fruits of the trees, in order to be included within the scope of the "ius prohibendi" of paragraph 2 of Article 13 of Regulation [No. 2100/94], requires that the requirements set forth in paragraph 3 of that Article be met, since it is deemed to be in the presence of "harvest products." Or should it be understood that such harvesting activity constitutes an act of production or reproduction of the variety which gives rise to "products of the harvest" whose prohibition by the owner of the plant variety does not require that the requirements of paragraph 3 [of that Article] be met?"

2) Is it in accordance with paragraph 3 [of Article 13 of Regulation No. 2100/94] an interpretation that the cascade system of protection covers all acts mentioned in paragraph 2 [of Article 13 of that Regulation] that relate to "harvest products," including the harvest itself, or only acts subsequent to the production of that harvest material, such as storage and its marketing.

3) In applying the system of extending cascading protection to "harvested products" under Article 13(3) of Regulation No. 2100/94, for the first condition to be met, is it necessary for the purchase of the seedlings to have occurred after the holder has been granted the Community plant variety right, or is it sufficient that at that time the holder enjoyed provisional protection, since the purchase was made in the period between the publication of the application and the time when the effects of the grant of the plant variety right begin to run."

4.5. As for, on the other hand, the relationship, for which the lawsuit is concerned, between Miglionico and Sun World International LLC, it, which peacefully arose after the grant, in favor of the latter, of the CPVR concerning the Sugranineteen - Scarlotta Seedless grape variety, had as its object a contract of a mixed nature (so defined in the award definitive), that is, a lease involving intellectual property rights.

4.5.1. The *Main Contract*, in fact, was a "lease contract," as is evident from its full title ("*Lease Contract with Grape Producer*"), from the express reference to the Italian Civil Code provisions on lease contracts (Article 3.4 of the *Contract* makes mention of

Article 1615 of the Civil Code, headed "*Management and Production of a Productive Asset*") and from the subject matter of the contract. However, while the main object of the Contract was the lease of Sugranineteen's vines, the use of these assets (in particular, for what is of interest here, of the fruits of these vines) was conditioned by Sun World's intellectual property rights to the leased products, and most of the provisions of the Contract specifically dealt with these IP rights (see, in particular, the article on "*Definitions*," Article 3 on "*Non-reproduction/proprietary rights*," Article 4 on "*marketing and distribution: use of Sun World's trademarks*").

4.6. Thus, it is undeniable that the concrete case on which the Court of Justice's judgment of December 19, 2019, Case C-176/18, intervened differs from the case at hand today.

4.6.1. This does not exclude, however, the need to verify whether, at least some of the principles dictated in the aforementioned judgment - those, that is, having a general character, involving the interpretation of the *normative context* (discipline of the UPOV Convention and Regulation [EC] 2100/94), referred to therein, because they turned out to be the prerequisite for the principle specifically dictated, then, for the case under consideration by the Spanish court -, can nevertheless be used here as well.

4.7. The legal framework examined by the CJEU concerned:

A) The International Convention for the Protection of New Varieties of Plants of December 2, 1961, as revised on March 19, 1991 (hereinafter referred to as the "*UPOV Convention*"), approved on behalf of the European Community by Council Decision, May 30, 2005.

Under Article 14 of that Convention: "1. [Acts relating to propagating or breeding material] (a) *Subject to Articles 15 and 16, the breeder's authorization shall be required for the following acts performed in relation to the propagating or breeding material of the protected variety: i) production or reproduction; (ii) conditioning for breeding or multiplication purposes; (iii) offering for sale; (iv) sale or any other form of commercialization; (v) export; (vi) import; (vii) possession for any of the purposes under (i) to (vi) listed above. b) The breeder may make his authorization subject to conditions and limitations. (Acts in relation to harvest material] Subject to Articles 15 and 16, the breeder's authorization shall be required for acts mentioned in items (i) to*

(vii) of paragraph (1)(a) performed in relation to the product of the collection, including whole plants and parts of plants, obtained through the unauthorized use of propagating or reproductive material of the protected variety, unless the breeder could not reasonably exercise his right in relation to the said propagating or reproductive material.[...]"

B) Regulation (EC) No. 2100/94.

Pursuant to the fourteenth, seventeenth, eighteenth, twentieth and twenty-ninth recitals of Regulation No. 2100/94: "Whereas, in order to ensure uniform effects of the Community right of protection for new plant varieties throughout the Community, the commercial transactions subject to the consent of the holder must be clearly defined; whereas, on the one hand, the scope of protection must be broadened from most national systems in order to include certain variety materials to take account of trade with territories outside the Community where no system of protection is in force; whereas, on the other hand, the introduction of the principle of exhaustion of rights must ensure that protection is not excessive; (...) Whereas the exercise of the Community right of protection of new plant varieties must be subject to restrictions provided for in the context of provisions adopted in the public interest; whereas this includes safeguarding agricultural production; whereas, to this end, it is necessary to authorize farmers to use the products of the harvest for propagation under certain conditions; (...) Whereas in certain cases compulsory exploitation rights must also be provided in the public interest, which may include the need to supply the market with material having certain characteristics or to maintain incentives for the continued selection of improved varieties; (...) Whereas this Regulation takes into account existing international conventions such as the [UPOV Convention] (...)"

Article 5 of that Regulation, headed "Subject matter of Community plant variety rights," in its paragraph 3, provides as follows: "A plant grouping consists of whole plants or parts of plants, insofar as such parts of plants are capable of producing whole plants, both hereinafter referred to as 'varietal constituents.'"

Its subsequent Article 13, headed "Rights of holders of Community plant variety rights and prohibited acts," states:

"1. By virtue of the Community plant variety right, the holder or holders of such right, hereinafter referred to as "the holder," shall be entitled to perform in respect of varieties the acts listed in paragraph 2.

2. *Without prejudice to the provisions of Articles 15 and 16, the acts indicated below carried out in respect of varietal constituents, or the harvest material of the protected variety, hereinafter collectively referred to as "materials," require the authorization of the holder:*

- a) production or reproduction (multiplication),*
- b) conditioning for multiplication purposes,*
- c) put up for sale,*
- d) sale or other marketing,*
- e) Export from the Community,*
- f) Import into the Community,*
- g) Storage for any of the purposes listed in (a) to (f).*

The holder may make his authorization subject to certain conditions and limitations.

3. *The provisions of paragraph 2 shall apply to products of the harvest only if they have been obtained by unauthorized use of the varietal constituents of the protected variety and unless the holder has had a reasonable opportunity to exercise his right in relation to the said varietal constituents. (...)"*

Article 16 of the same regulation, under the heading *"Exhaustion of Community plant variety rights,"* states: *"Community plant variety rights shall not extend to acts concerning material of the protected variety or a variety covered by the provisions of Article 13(5), which has been ceded to others in any part of the Community by the holder or with his consent, or any material derived from such material, unless such acts: (a) relate to the further multiplication of the variety in question, unless such multiplication was intended at the time of the transfer of the material, or (b) relate to the export of constituents of the variety to third countries where varieties of the genus or species to which the variety belongs are not protected, unless the exported material is intended for final consumption."*

The following Article 94, under the heading *"Infractions,"* provides that: *"1. Whoever: (a) performs without authorization any of the acts contemplated in Article 13(2) with respect to a variety which is the subject of a Community plant variety right, or (b) omits the proper use of a variety denomination as referred to in Article 17(1) or omits the relevant information referred to in Article 17(2), or (c) uses contrary to the provisions of Article 18(3), the varietal name of a variety which is the subject of a Community plant variety right, or a name which may be confused with the said name,*

may be the subject of an action brought by the holder to stop the infringement or to obtain equitable compensation or both. (2) Any person who acts willfully or negligently shall be liable, among other things, to pay compensation for the damage suffered by the holder for the act in question. In the case of minor negligence, the compensation may be reduced proportionately without, however, being less than the benefit obtained by the perpetrator of the infringement for having committed it."

Finally, Article 95 is worded as follows: *"The holder may require appropriate compensation from any person who has committed, during the period between the publication of the application for a Community plant variety right and the grant thereof, an act which would have been prohibited to him, after such period, by virtue of the Community plant variety right."*

4.8. Well, responding to the first and second of the questions for a preliminary ruling previously reported in § 4.4.1.4. of the present grounds, the CJEU stated that *"Article 13(2)(a) and (3) of the No. 2100/94 is to be interpreted as meaning that the activity of planting a protected variety and harvesting the fruits thereof, which cannot be used as propagating material, requires the authorization of the holder of the Community plant variety right relating to the said plant variety to the extent that the conditions set forth in Article 13(3) of said Regulation are met."*

4.8.1. It arrived at this conclusion on the basis of the considerations set out below, starting from the observation that, *"as is apparent, in a concordant manner, from the written observations submitted to the Court, the fruit harvested from mandarins of the Nadorcott variety, referred to in the main proceedings, cannot be used as propagating material for plants of that plant variety."*

4.8.2. According to that Court, *"Under these circumstances, it must be understood that, by the first and second questions, which need to be examined jointly, the court of the referral asks, in essence, whether Article 13(2)(a) and (3) of Regulation No. 2100/94 should be interpreted to mean that the activity of planting a protected variety and harvesting the fruits thereof, which cannot be used as propagating material, requires the authorization of the owner of that plant variety, insofar as the conditions set forth in paragraph 3 of that article are met."*

In this regard, it should be recalled that in accordance with Article 13(2)(a) of Regulation No. 2100/94, the authorization of the holder of a plant variety right is

required for the "acts of production or reproduction (multiplication)" relating to the "varietal constituents" or "harvest material" of a protected variety.

Although that provision refers to both the varietal constituents and the harvest material of the protected variety, which it refers to collectively as the "material," however, the protection provided for these two categories differs. Indeed, Article 13(3) of that Regulation specifies that, with respect to the acts referred to in paragraph 2 of that Article relating to harvest material, such an authorization is required only where the latter has been obtained by unauthorized use of the varietal constituents of the protected variety and subject to the condition that the holder of the protected variety has not been given a reasonable opportunity to exercise his right in relation to the varietal constituents of the same protected variety. Therefore, the authorization required under Article 13(2)(a) of the said Regulation by the holder of a Community plant variety right is necessary, with respect to acts relating to harvest material, only if the conditions set forth in paragraph 3 of the said Article are met.

Therefore, it must be considered that Regulation 2100/94 provides "primary" protection applicable to the production or reproduction of varietal constituents, in accordance with Article 13(2)(a) of that Regulation. Harvest material, for its part, is the subject of "secondary" protection, which, while also referred to in that provision, is largely limited by the additional conditions laid down in paragraph 3 of the same article (see, to that effect, Judgment of October 20, 2011, *Greenstar Kanzi Europe*, C 140/10, EU:C:2011:677, para. 26).

Therefore, in order to determine whether and under what conditions Article 13(2)(a) of Regulation 2100/94 applies to the activity of planting a protected plant variety and harvesting fruits of that variety that cannot be used as propagating material, it is necessary to examine whether such activity may result in the production or reproduction of varietal constituents or harvest material of the protected variety.

In this regard, it should be noted that given the usual meaning of the terms "production" and "reproduction" used in this provision, the latter applies to acts by which new varietal constituents or harvest material are generated.

In addition, it should be recalled that Article 5(3) of Regulation No. 2100/94 defines the notion of "varietal constituents" as pertaining to whole plants or parts of plants insofar as they are capable of producing whole plants.

Now, in the present case, the fruit harvested from the trees of the variety at issue in the main proceedings, as is clear from paragraph 20 of this judgment, cannot be used as plant propagating material of that variety.

Therefore, the planting of such a protected variety and the harvesting of seedling fruits of such a variety cannot be qualified as an "act of production or reproduction (multiplication)" of varietal constituents, within the meaning of Article 13(2)(a) of Regulation No. 2100/94, but must be regarded as the production of harvest material requiring the authorization of the holder of the Community plant variety right, in accordance with that provision read in conjunction with Article 13(3) of said Regulation, only to the extent that such harvest material has been obtained through the unauthorized use of the varietal constituents of the protected variety, unless said holder has had a reasonable opportunity to exercise his right in relation to said varietal constituents.

The importance of multiplication capacity for the application of Article 13(2)(a) of that Regulation to acts of production or reproduction, outside of cases where the conditions of paragraph 3 of that Article are met with respect to harvest material, is borne out by the context in which that Article 13 is placed.

In particular, it follows from the provisions of Article 16 of Regulation No. 2100/94, concerning the exhaustion of Community plant variety rights, that such rights extend to acts concerning material of the protected variety which has been assigned to others by the holder or with his consent only to the extent that such acts are related, in particular, to further multiplication of the variety in question, which is not permitted by the owner.

With regard to the objectives of Regulation No. 2100/94, in particular it appears from the fifth, fourteenth and twentieth recitals in the preamble to that Regulation that, although the scheme established by the Union is intended to grant protection to breeders who develop new varieties in order to encourage, in the public interest, the selection and development of new varieties such protection must not go beyond what is essential to encourage said activity, on pain of jeopardizing the protection of the public interests constituted by the safeguarding of agricultural production, the supplying of the market with material having certain characteristics, or jeopardizing the very objective of continuing to encourage the continued selection of improved varieties. In particular, according to the seventeenth and eighteenth recitals in

conjunction with that regulation, agricultural production constitutes a public interest that justifies subjecting the exercise of rights conferred by Community plant variety rights to restrictions. In order to meet this objective, Article 13(3) of Regulation No. 2100/94 provides that the protection conferred by paragraph 2 of that Article on the holder of a Community plant variety right applies only under certain conditions to "products of the harvest."

In contrast, the interpretation that Article 13(2) of Regulation No. 2100/94 would also cover, regardless of the conditions laid down in paragraph 3 of that article, the activity consisting of harvesting the fruits of a protected variety, without such fruits being able to be used for the purpose of propagating that variety, would be incompatible with that objective, since it would have the effect of depriving paragraph 3 of that article of any usefulness and, therefore, of calling into question the cascading protection scheme established in Article 13(2) and (3) of that regulation.

Furthermore, the public interest related to the safeguarding of agricultural production, referred to in the seventeenth and eighteenth recitals of Regulation No. 2100/94, would potentially be called into question if the rights conferred on the holder of a Community plant variety right by Article 13(2)(a) of Regulation No. 2100/94 were extended, regardless of the conditions in paragraph 3 of that Article, to harvest material of the protected variety that cannot be used for propagation purposes.

The interpretation that "primary" protection under Article 13(2)(a) of that Regulation is limited, outside of cases where the conditions of paragraph 3 of that Article are met with respect to harvest material, to varietal constituents as propagating material is supported by Article 14(1)(a) of the UPOV Convention, which should be taken into account in interpreting that Regulation, in accordance with recital 29 thereof.

In fact, under Article 14(1)(a) of that Convention, the breeder's authorization is required for acts of "production" or "reproduction" performed in relation to "propagating or reproducing material of the protected variety."

Moreover, as noted by the Advocate General in paragraphs 32 to 35 of his conclusions, it appears from the preparatory work on Article 14(1)(a) of the UPOV Convention that the use of reproductive material for the purpose of producing a crop was expressly excluded from the scope of that provision, which establishes the

conditions for the application of primary protection, as corresponding to that of Article 13(2) of Regulation No. 2100/94.

Therefore, under Article 14(1)(a) of the UPOV Convention, the breeder may prohibit not the use of varietal constituents for the sole purpose of an agricultural harvest, but only certain acts that result in the reproduction or multiplication of the protected variety."

4.9. Responding, subsequently, to the third of the questions referred to earlier in § 4.4.1.4. of these grounds, the CJEU stated that *"Article 13(3) of Regulation No. 2100/94 must be interpreted as meaning that fruits of a plant variety which cannot be used as propagating material cannot be regarded as having been obtained by an 'unauthorized use of the varietal constituents' of that plant variety, within the meaning of that provision, where those varietal constituents have been propagated and sold to a farmer by a nursery during the period between the publication of the application for a Community plant variety right relating to that plant variety and its grant. Where, after the grant of such plant variety right, such varietal constituents have been multiplied and sold without the consent of the holder of such plant variety right, the holder of such plant variety right may enforce the right conferred upon him by Article 13(2)(a) and (2)(a) and (2)(b), and (3)(a)(b)(i). 3, of that regulation with respect to the said fruits, unless he has had a reasonable opportunity to exercise his right with respect to the same varietal constituents."*

4.9.1. It reached this conclusion on the basis of the following considerations:

"By its third question, the referring court asks, in essence, whether Article 13(3) of Regulation No. 2100/94 is to be interpreted as meaning that fruits of a plant variety that cannot be used as propagating material are to be regarded as having been obtained by an 'unauthorized use of the varietal constituents' of that plant variety, within the meaning of that provision, where the said varietal constituents have been propagated and sold to a farmer by a nursery during the period between the publication of the application for Community plant variety rights and its grant.

In this regard, it should be noted, on the one hand, that, following the grant of a Community plant variety right, the unauthorized performance of the acts referred to in Article 13(2) of Regulation No. 2100/94 with respect to the plant variety covered by that right constitutes an "unauthorized use" within the meaning of Article 13(3) of Regulation No. 2100/94. Therefore, in accordance with Article 94(1)(a) of that

Regulation, any person who, under such circumstances, commits any such act may be the subject of an action brought by that holder to have the infringement ceased or to obtain equitable compensation or both.

On the other hand, with regard to the period prior to the grant of such a design, said holder may require, in accordance with Article 95 of the No. 2100/94 adequate compensation from any person who committed, during the period between the publication of the application for a Community plant variety right and the grant of such a right, an act that would have been prohibited after that period by virtue of such a right.

It must be considered that, since Article 95 of that Regulation deals only with the possibility for the holder of a Community plant variety right to claim appropriate compensation, it does not confer on him other rights, such as, in particular, the right to authorize or prohibit the use of varietal constituents of that plant variety for the period referred to in that Article 95. This regime of protection is thus distinct from that of prior authorization, which is required when the acts referred to in Article 13(2) of the Regulation No. 2100/94 are made after the grant of the Community Design.

It follows that, with regard to the period of protection under Article 95 of Regulation No. 2100/94, the holder of a Community plant variety right may not prohibit the performance of any of the acts provided for in Article 13(2) of that Regulation on the ground of the lack of his consent, so that their performance does not constitute an unauthorized use" within the meaning of Article 13(3) of that Regulation.

In the present case, it follows from the foregoing that, since the multiplication and sale to Mr. [...] of the seedlings of the protected plant variety at issue in the main proceedings were carried out during the period referred to in Article 95 of Regulation No. 2100/94, those acts cannot be regarded as such unauthorized use.

Therefore, the fruits obtained from such seedlings should not be considered to have been obtained by unauthorized use, within the meaning of Article 13(3) of that Regulation, and this is so even if they were harvested after the grant of Community plant variety rights. In fact, as is clear from the answer to the first and second questions, the planting of the varietal constituents of a plant variety and the harvesting of the fruits thereof which cannot be used as propagating material does not constitute an act of production or reproduction of varietal constituents within the meaning of Article 13(2)(a) of Regulation No. 2100/94.

With regard to the seedlings of the protected plant variety that were multiplied and sold to Mr. [...] by a nursery after the grant of the Community plant variety right, it should be noted that both the multiplication of such seedlings and their sale may constitute such unauthorized use, since under Article 13(2)(c) and (d) of Regulation No. 2100/94, the offer for sale and sale or any other form of marketing of the fruits of a protected variety are subject to the prior consent of the holder of the Community plant variety right.

Under such circumstances, the fruits of the seedlings of the protected plant variety referred to in the preceding paragraph harvested by Mr. [...] may be deemed to have been obtained by unauthorized use of varietal constituents of a protected variety within the meaning of Article 13(3) of Regulation No. 2100/94.

That being said, for the purpose of the application of the latter provision, it is also necessary that such a holder did not have a reasonable opportunity to exercise his right in relation to the plant variety at issue in the main proceedings at the nursery which would have carried out the propagation and sale of the varietal constituents."

4.10. In essence, the CJEU had to preliminarily decide whether the planting of the purchased plants falls under the activity of "production or reproduction" of varietal constituents or is related to "fruit harvesting." While in the former case the breeder's authorization is always required (primary protection), in the latter this will only be possible provided that the harvesting involves "unauthorized" plants, or with respect to which the breeder has not had an opportunity to exercise his authorization rights (secondary protection).

4.10.1 In other words, the Court explained, in general terms, that under Regulation 2100/94, there are two levels of protection, namely primary protection, which covers the production or reproduction of the components of the variety [Article 13(2) (a)] and secondary protection, which covers the harvested material.

4.10.2. Under Article 13(3), protection of harvested material is applicable only if two conditions are met, namely that (a) such material was obtained through the unauthorized use of constituents of the variety, and (b) unless the holder had the opportunity to exercise his right in relation to those constituents of the variety.

4.10.3. The Court pointed out that, according to the Regulations, "constituents of the variety" are "whole plants or parts of plants, insofar as such parts are capable of

producing whole plants." In the case dealt with there, the matter involved Nadorcott mandarins, which are not "capable of producing whole plants," since they cannot be used as propagating material. It is undeniable, however, that such assumptions of the judgment *de qua* cannot but refer to all those plant varieties in which the fruit cannot, in turn, constitute multiplication material (production or reproduction) of the variety. Hence also vines, since a new vine cannot be obtained from their fruit: *a fortiori*, therefore, they, insofar as they are of specific interest here, apply to the seedless red table grape, marketed under the registered trademark "Scarlotta seedless," constituting the fruit of the plant variety "Sugranineteen," whose European patent (CPVR) is held by Sun World International LLC.

4.10.4. Therefore, the CJEU concluded that in such cases, the authorization of the CPVR holder is not necessary unless both conditions of Article 13(3) are met.

4.10.5. The same court, then turning to the second question, pointed out that the Regulations provide two different means of protection, depending on the status of the application. Once granted, the CPVR, the holder can sue the infringer, enjoining him to cease any kind of unauthorized act, and/or to pay reasonable compensation and further damages in case of intentional or negligent acts (Article 94). In contrast, between the publication of the application and the granting of the CPVR, the holder is only entitled to appropriate compensation (Art. 95), for any unauthorized act.

4.10.6. This highlights one of the peculiarities of CPVRs, which, unlike other industrial property rights such as trademarks or patents - whose protection is based on the date of filing of the application - enjoy a different level of protection depending on whether the title was granted at the time of the unauthorized acts or is still in the application state.

4.11. That said, the Court observes that the overall interpretation provided by the CJEU with respect to Article 13 of Regulation (EC) 2100/94 necessarily has a general value, insofar as it is aimed at identifying its scope as it should have been understood and applied from the time of its entry into force. From this point of view, therefore, the ruling under review assumes, *in parte qua*, a meaning of its own, not referable, that is, contrary to what is claimed by today's counterclaimant only to the concrete case dealt with therein (as mentioned above, different from the one now before the Court, if only because, in the latter, the *Main Contract* between Miglionico and the

multinational Sun World International LLC was stipulated at a date chronologically after the recognition, in favor of said multinational, of the European plant variety right on the plant "Sugranineteen"), but valid in all cases (such as, precisely, also the one under examination) in which the interpretation of the aforementioned regulatory norm is relevant. It has already been said, in fact, that the CJEU's interpretative preliminary rulings are recognized as having an expansive capacity vis-à-vis other proceedings, by virtue of their declared effectiveness *erga omnes* or at least *de facto ultra partes*, because of the necessary guarantee of the uniform application of the interpretation of Euro-unitary law, assisted by the obligation of member states to take any measure "appropriate to ensure the fulfilment of obligations arising out of the Treaties or resulting from acts of the institutions of the Union" (Article 4, TEU).

4.12. From this conclusion, then, the question arises as to whether a covenant such as the one arising as a whole from the contractual clauses found, respectively, in Section 3.4 ("*The Parties expressly acknowledge and agree as follows: (a) Sun World is the owner of each and every Leased Plant and/or Cultivar of Sun World that is the subject of this Agreement, except for the fruits produced by the Leased Plants, which pursuant to Article 1615 of the Civil Code, shall belong to the Producer, who, however, may dispose of them within the limits and under the conditions provided for in this Agreement*") and in point 4.2. ("*The Parties stipulate that the Reserved Property Fruits [meaning, as stipulated in the contractual paragraph bearing the "Definitions", "the fruits produced by any Cultivar of Sun World and/or Leased Plant grown within the European Union. Ed] produced from the Leased Plants is distributed through an Authorized Distributor, which is a prerequisite for the effectiveness of this Agreement. Any marketing, distribution and exportation of the Proprietary Reserved Fruit grown by the Authorized Producer [in this case, Miglionico. Ed] and not carried out by the Authorized Distributor will result in the immediate termination of this Agreement as well as the withdrawal of any authorization and concession given by Sun World referred to in Article 1. List "C" [as amended from time to time by Sun World] contains a list of Authorized Distributors in Italy*") of the Main Contract between the present parties to this case whether or not it is compatible with the aforementioned general principles set forth in the CJEU's judgment of December 19, 2019- Case C.176/18.

4.12.1. To this question the Court considers it should be answered in the negative.

4.12.2. Indeed, in reconstructing the perimeter of the exclusive rights enjoyed by the holder of a plant variety right pursuant to Article 13 of Regulation (EC) 2100/94, it is necessary to take into consideration not only the provisions of Articles 13.1 and 13.2 of the same Regulation, but also what is provided by its subsequent Article 13.3, according to which, - as clearly follows from the interpretation provided by the aforementioned CJEU judgment - once the use of varietal constituents has been authorized, the right holder loses all dispositive power over the so-called "harvest material" to the extent that this consists of fruit which cannot, in turn, constitute propagating material (production or reproduction) of the variety.

4.12.3. *Alteris verbis*, under the aforementioned Article 13.3, the protection of harvested material consisting of the fruits thus characterized is invocable only in the compliance with two conditions, namely that (a) such material was obtained through the unauthorized use of constituents of the variety; (b) the holder did not have the opportunity to exercise his right in relation to those constituents of the variety.

4.13. The described overall agreement resulting from the aforementioned contractual clauses found, respectively, in point 3.4 and point 4.2. of the Main Contract between the parties to the present case is, then, clearly not in line with what has been specified above, insofar as, in substance, it also attributes to the owner of the plant variety right in question the right to identify the parties to whom only the related fruits may be transferred for their subsequent commercialization, even configuring as a cause for immediate contractual termination the producer's (in this case, Miglionico) failure to comply with such an agreement - despite the certainly authorized use (a circumstance, this one, absolutely uncontroversial, because contractually sanctioned) by Miglionico, who had also paid the fees, of the components of the plant variety from which those fruits had been produced.

4.13.1. It follows, therefore, that where the Main Contract between today's litigants was declared terminated, by the arbitrators, because of Miglionico's non-compliance, traced by the former, as it is useful to recall, precisely (and only) to having sold "*Scarlotta Seedless grapes to unauthorized distributors*," we are in the presence of a pronouncement at odds with the above conclusion.

4.14. It remains to be determined at this point whether the just-described error of law vitiating the final award now being challenged by Miglionico makes the latter contrary to principles of public order .

4.14.1. It is known, in fact, that the provision of the amended Article 829, paragraph 3, of the Code of Civil Procedure has ruled out , as a general rule, the possibility of challenging the award for violation of rules of law relating to the merits of the dispute, if such a possibility is not expressly provided for by the parties or the law, allowing it, exceptionally, only in cases where the decision is contrary to principles of public order.

4.14.2. Although, therefore, the ritual arbitrator must judge according to law, applying the principle *iura novit curia*, not all errors of judgment in the application or interpretation of law are reviewable. Only if the error *iuris in iudicando* involves the violation of a principle that is an expression of an essential value of the 'system (i.e., of public order), does the award itself frustrate that value and become intolerable, to the point of justifying the removal of its effects (phase rescindent stage) and reform of the decision (rescissory stage).

4.14.3. As this Court has repeatedly stated before, the reference to the clause of public order , operated by Art. 829, paragraph 3, Code of Civil Procedure, must be interpreted as a reference to the fundamental and binding norms of the system and does not imply an "attenuated" notion of public order , which includes all existing mandatory norms (see Cass. no. 21850 of 2020 and Cass. no. 25187 of 2021, both referred to, in reasons, by the more recent Cass. no. 27615 of 2022).

4.14.4. This solution is fully consistent with the codictic dictate, which distinguishes between contrariety to mandatory rules and contrariety to public order (Art. 1343 Civil Code).

4.14.5. In particular, the notion of public order expresses those ethical, economic, political and social principles that, at a given historical moment, characterize our legal system in the various fields of social coexistence, the "*core values*" of the Italian legal system, which largely find expression in the Constitutional Charter. It is, in short, a complex of norms and principles that express generalized interests and values of the entire collectivity, dictated to protect general interests, for this reason not derogable by the will of the parties, nor susceptible to compromise (see, with reference to the appeal of the award pronounced according to equity, Cass no. 16755 of 2013 and

Cass. no. 4228 of 1999, both also reiterated, in motivation, by the already cited, more recent, Cass. no. 27615 of 2022).

4.15. Without prejudice to the foregoing, it is the opinion of the Court that, in order to configure nullity on the grounds of contrariety to public order (for violation of mandatory rules enshrined in Art. 13 of Regulation [EC] 2100/94, given that the judge, in searching for the fundamental principles of the Italian legal system, must also take into account the rules and principles that have become part of our legal system by virtue of its compliance with the precepts of international law, both general and covenanted, and European Union law) of an agreement such as the one as a whole arising from the already reported contractual clauses nos. 3.4 and 4.2. of the aforementioned *Main Contract*, so as to consider the described ruling of the final award, in turn, contrary to public order, thus making admissible, therefore, the appeal of the same before the court of appeal, in accordance with the provisions of the current Article 829, paragraph 3, Code of Civil Procedure, it is sufficient, on the one hand, to observe, agreeing with what is stated in the written indictment of the deputy attorney general, that *"recalling the conceptual construction of public order as the set of fundamental and binding norms of the legal system dictated to protect general interests, including constitutional norms and those that characterize the ethical-social structure of the international community at a given historical moment, it is decisive to consider that the recognition in favor of the owner of the plant variety of a property right over plants and fruits made by the other party as a result of the authorized use of varietal constituents integrates an infringement of the principles pertaining to the development of agricultural activity and free competition."* On the other hand, and most importantly, to reiterate the clear arguments of the CJEU judgment amply illustrated above where it stated that it follows from the fifth, fourteenth and twentieth recitals of Regulation (EC) 2100/94 *"it appears that, although the scheme established by the Union is intended to grant protection to breeders who develop new varieties in order to encourage, in the public interest, the selection and development of new varieties, such protection must not go beyond what is essential to encourage said activity, on pain of jeopardizing the protection of the public interests constituted by the safeguarding of agricultural production, the supplying of the market with material having certain characteristics, or of jeopardizing the very objective of continuing to encourage the constant selection of improved varieties. In particular, according to the*

seventeenth and eighteenth recitals in conjunction with that regulation, agricultural production constitutes a public interest that justifies subjecting the exercise of rights conferred by Community plant variety rights to restrictions. In order to meet this objective, Article 13(3) of Regulation No. 2100/94 provides that the protection conferred by paragraph 2 of that Article on the holder of a Community plant variety right applies only under certain conditions to "products of the harvest." [...]. Moreover, the public interest related to the safeguarding of agricultural production, referred to in the seventeenth and eighteenth recitals in the preamble to Regulation No. 2100/94, would potentially be called into question if the rights conferred on the holder of a Community plant variety right by Article 13(2)(a) of Regulation No. 2100/94 were extended, irrespective of the conditions set out in paragraph 3 of that Article, to harvest material of the protected variety which cannot be used for propagating purposes".

4.16. Nor, to the contrary, the two decisions, the first interlocutory and the second final, filed by the counterclaimant, can take on significant value together with its memorandum ex art. 378 cod. proc. civ. dated March 8, 2024 of the AGCM, given - even leaving aside any further elaboration on the complete, or at least partial, correspondence between the events examined therein and the one under discussion today - what has already been said (cf, §§ 4.3.2. to 4.3.4. of this reasoning, to be reproduced here for obvious reasons of synthesis) regarding the binding nature of the rulings made in the context of the so-called interpretative preliminary ruling procedure by the Court of Justice, and the conclusion accepted therein that the "*decision made in the preliminary ruling procedure is not only binding on the court which has raised the question, but also has effect with respect to any other case which must be decided in application of the same provision of European Union law interpreted by the Court*".

5. In conclusion, therefore, today's appeal by Angela Miglionico, owner owner of the same name individual company, must be upheld limited to its second plea, the first being declared inadmissible. The judgment under appeal, therefore, must be set aside in relation to the upheld plea and the case must be sent back to the Court of Appeal of Milan, in a different composition, for the corresponding new examination to be carried out in accordance with the following principle of law:

"On the subject of Community plant variety rights, a contractual clause which gives the holder of intellectual property rights over patented cultivars also the power to

identify the persons to whom only the distribution of the patented cultivars will be entrusted, is null and void, on the ground of infringement of Article 13(2) and (3) of Council Regulation (EC) No. 2100/94, as interpreted by the Court of Justice, a contractual clause which also gives the holder of intellectual property rights over patented cultivars the power to identify the persons who alone will be responsible for the distribution of the fruits obtained by the producer previously authorized to use the varietal constituents of the protected variety from which those fruits were produced, where the latter are unusable as propagating material."

5.1. To the aforementioned referral court should also be referred the regulation of the costs of this court of law.

FOR THESE REASONS

The Court upholds the appeal of Angela Miglionico, owner of the same name individual company, limited to the second plea and declares the first plea inadmissible.

Sets aside the judgment under appeal in relation to the accepted plea and remands the case to the Court of Appeal of Milan, in a different composition, for the corresponding new examination and the regulation of the costs of this appeal.

Thus decided in Rome, in the council chamber of the First Civil Section of the Supreme Court of Cassation, March 21, 2024.

The Extending
Counselor

The President
Franco Antonio Genovese