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The curious case of Nadorcott mandarins - collateral effects

On 14 October 2021, the Seventh Chamber of the European Court of Justice issued a (new) decision in the Nadorcott saga, providing a preliminary ruling on the correct interpretation of article 96 of Regulation (EC) n. 2100/94 (The Regulation), i.e. the determination of the prescription period for claims pursuant to articles 94 and 95 of The Regulation. Although this could be considered as a minor aspect of the complex controversy between Nadorcott S.A. and a few Spanish growers, the proper interpretation of article 96 of The Regulation is pivotal to defining the scope of protection of all plant breeder rights granted in the European Union.

Background

Following an application lodged by Nadorcott Protection SARL before the Community Plant Variety Office ('the CPVO') on 22 August 1995, the CPVO granted a Community plant variety right for the Nadorcott variety of mandarin trees on 4 October 2004. An appeal with suspensive effect was brought against that decision before the Board of Appeal of the CPVO, but was dismissed by a decision dated 8 November 2005 published in the Official Gazette of the CPVO on 15 February 2006.

Since 2006, Pardo has cultivated a grove of 4 457 mandarin trees of the Nadorcott variety.

In November 2011, CVVP filed two actions for preliminary relief against Pardo before the *Juzgado de lo Mercantil* (Commercial Court, Spain) to enforce its exclusive rights over the Nadorcott variety, CVVP - to whom the management of the IP rights concerning Nadorcott variety had been transferred with effect from 13 December 2008 - brought two actions against Pardo, one for 'provisional protection' and referred to the acts by Pardo prior to the grant of the Community plant variety rights (before 15 February 2006). The other action alleged that Pardo's acts infringed the exclusive rights over the Nadorcott variety from 15 February 2006 onwards, until the cessation of cultivation. CVVP also applied for an injunction requiring Pardo to end its unlawful cultivation, to remove and, if necessary, destroy any plant material of that variety in Pardo's possession, and to pay compensation for the past cultivation.

In response, the defendant claimed that the actions were time barred under article 96 of Regulation n. 2100/94, because more than three years had elapsed between the date on which the holder of the rights over the Nadorcott variety had identified Pardo as an allegedly unlawful cultivator of that variety – 30 October 2007, when Geslive - legal entity managing the IP rights regarding Nadorcott variety before CVVP - sent formal notice to Pardo – and the date on which CVVP brought its action in November 2011. Accordingly, the court of first instance dismissed the action for infringement on the grounds that it was time barred under article 96 of Regulation n. 2100/94.

The case was appealed, and found its way to the Spanish *Tribunal Supremo* (Supreme Court), which decided to refer the following questions to the Court of Justice for a preliminary ruling:

"*(1) Is an interpretation according to which, provided that the period of three years has elapsed since the holder, once Community protection of the plant variety right was granted, became aware of the infringing act and the identity of the party liable, the actions provided for under Articles 94 and 95 [Regulation No 2100/94] would be time barred, although the infringing acts were continuing until the time the action was brought, contrary to Article 96 of [that regulation]?*

(2) If the first question is answered in the negative, is it to be considered that, in accordance with Article 96 of [the regulation], the limitation period operates only in respect of infringing acts committed outside the three-year period, but not in respect of those taking place within the last three years?

(3) If the answer to the second question is in the affirmative, in such a situation could the action for an injunction and also for damages succeed only in relation to those latter acts taking place within the last three years?".

Legal framework

The first question

The first question sent by the referring Court is basically focused on the identification of the exact point from which the three-year prescription period for claims pursuant to articles 94 and 95 of The Regulation starts to run.

This chapter of the Nadorcott saga is tied directly to the wording chosen by the European lawmakers in drafting art. 96 of The Regulation. As a matter of fact, the Rt. Hon. Judges of the Court responded to this query by setting forth a straight line of reasoning, stating that the three-year period starts to run when:

(i) The IP Right related to a specific new variety is granted;
(ii) The IP Right holder is aware of the infringement in detriment to the said IP Right and
(iii) The identity of the infringer is known by the holder.

The second and third questions

As the European Court of Justice correctly pointed out, the second and third questions asked by the referring Court are strictly related one to another, and are focused on the case in which there is a continuing set of acts of infringement of a protected variety.

Following – again – a straight line of reasoning strongly based on the wording of article 96 of The Regulation, Court confirms that claims brought pursuant to articles 94 and 95 of The Regulation in respect of an ongoing set of acts of infringement of a protected variety, brought after more than three years at the laps are time barred only from when:

(i) The Community plant variety right was finally granted;

(ii) The right holder has knowledge of each individual act forming part of an ongoing set of acts;

(iii) The right holder has knowledge of the identity of the party liable for the acts of infringement.

In a nutshell, in calculating the three-year prescription period, there is no distinction in the application of article 96 of The Regulation between a single act and ongoing acts of infringement: the clock starts to run from the moment the right holder has a plant variety right, is aware that its rights are infringed, and the identity of the party infringing its rights.

Conclusions

This decision is another piece of a quite complex puzzle that involves the holder of the IP rights on the Nadorcott mandarin and a handful of Spanish growers that had propagated Nadorcott mandarins in the timeframe between the filing of the application and the granting of the Community plant variety right, as well as the ongoing propagation of this variety, without the prior consent of the applicant / holder of the right. Although this decision does not deal with the definition of the scope of protection of IP rights related to a new plant variety, it is bound to have a dramatic impact on enforceability: determining when the right to file an action will lapse is crucial to defining a strategy for enforcement of plant variety rights.

And, of course, there will be another chapter of the Nadorcott saga.

To be continued ….

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