

JUDGMENT OF THE COURT (Sixth Chamber)
13 February 2003 *

In Case C-131/01,

Commission of the European Communities, represented by B. Mongin and R. Amorosi, acting as Agents, with an address for service in Luxembourg,

applicant,

v

Italian Republic, represented by U. Leanza, acting as Agent, and by O. Fiumara, avvocato dello Stato, with an address for service in Luxembourg,

defendant,

APPLICATION for a declaration that, by retaining rules requiring patent agents established in other Member States to be enrolled on the Italian register of patent agents and to have a residence or place of business in Italy, in order to provide services before the Italian Patent Office, the Italian Republic has failed to fulfil its obligations under Articles 49 EC to 55 EC concerning the freedom to provide services,

* Language of the case: Italian.

THE COURT (Sixth Chamber),

composed of: J.-P. Puissechet, President of the Chamber, R. Schintgen, C. Gulmann, F. Macken and J.N. Cunha Rodrigues (Rapporteur), Judges,

Advocate General: P. Léger,
Registrar: R. Grass,

having regard to the report of the Judge-Rapporteur,

after hearing the Opinion of the Advocate General at the sitting on 12 September 2002,

gives the following

Judgment

- 1 By application lodged at the Registry of the Court of Justice on 21 March 2001, the Commission of the European Communities brought an action under Article 226 EC for a declaration that, by retaining rules requiring patent agents established in other Member States to be enrolled on the Italian register of patent agents and to have a residence or place of business in Italy, in order to provide

services before the Italian Patent Office, the Italian Republic has failed to fulfil its obligations under Articles 49 EC to 55 EC concerning the freedom to provide services.

Italian legislation

- 2 Article 94 of Royal Decree No 1127 of 29 June 1939 regarding the law on patents (GURI No 215 of 7 August 1979, p. 6597), in the version thereof resulting from Decree No 338 of the President of the Republic of 22 June 1979 revising the national legislation relating to patents under Delegating Law No 260 of 26 May 1978 (hereinafter 'Decree No 1127/39'), provides:

'No one is required to be represented by an authorised agent in proceedings before the Central Patent Office; natural and legal persons may act therein through one of their employees, even though not authorised.

Authority to act for others may be conferred only on agents whose names appear on the register kept for that purpose by the Office.

Authority may in addition be conferred on a lawyer or attorney enrolled with their respective professional bodies.'

- 3 Article 2 of Decree No 342 of the Italian Republic of 30 May 1995 governing the organisation of the profession of industrial property agents and the keeping of the appropriate register (GURI No 192 of 18 August 1995, p. 15, hereinafter 'Decree No 342/95'), makes enrolment on the Italian register of patent agents subject to the following conditions:

'There may be enrolled on the register of recognised industrial property agents natural persons who:

...

- (c) have their residence or a place of business in Italy, unless they are nationals of a State which permits enrolment of Italian nationals on its register without such a condition;

- (d) have passed the qualifying examination mentioned in Article 6 or the aptitude test for industrial property agents provided for by the second paragraph of Article 6 of Decree-Law No 115 of 27 January 1992.'

- 4 The second paragraph of Article 6 of Decree-Law No 115 of the Italian Republic of 27 January 1992 implementing Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas

awarded on completion of professional education and training of at least three years' duration (GURI No 40 of 18 February 1992, p. 6, hereinafter 'Decree-Law No 115/92'), provides:

'Recognition [of diplomas of professional education and training obtained in the European Community] is subject to the passing of an aptitude test for those in the professions of lawyer, accountant or industrial property agent.'

- 5 Under the first paragraph of Article 13 of Decree-Law No 115/92, '[t]he decree recognising the diploma of professional education and training gives the person concerned the right to join the profession and to practise it, in compliance with the conditions imposed by the legislation in force on Italian nationals, apart from the requirements concerning professional education, training and qualifications'.

Pre-litigation procedure

- 6 By letter of formal notice of 29 July 1998, the Commission informed the Italian Government that it considered that Article 94 of Decree No 1127/39 and Article 2 of Decree No 342/95 were incompatible with Articles 49 EC to 55 EC and requested that Government to send it its observations in that regard.
- 7 According to the Commission, it is excessive to require patent agents established in other Member States where they are lawfully practising their profession to be

enrolled on the Italian register of patent agents after passing an aptitude test and to acquire a residence or a place of business in Italy, even where their practice before the Italian Patent Office is only sporadic and occasional. Such requirements are neither justified by an overriding reason in the public interest nor proportionate to the aim pursued, and therefore constitute an unwarranted obstacle to the freedom to provide services.

- 8 Since it considered the Italian authorities' reply insufficient, the Commission sent them, on 4 August 1999, an additional letter of formal notice in which it repeated its complaints, adding that the second paragraph of Article 6 and the first paragraph of Article 13 of Decree-Law No 115/92 are contrary to Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration (OJ 1989 L 19, p. 16), since they make even the occasional and irregular practice of the profession of patent agent subject to the passing of an aptitude test.

- 9 In their reply of 12 October 1999, the Italian authorities disputed the truth of the alleged failure to fulfil obligations.

- 10 On 17 February 2000, the Commission issued a reasoned opinion by which it requested the Italian Republic to adopt the measures necessary to comply with that opinion within a period of two months from the date of its notification.

- 11 By letter of 14 November 2000, the Italian authorities informed the Commission that they remained of the same view. They claimed, in particular, that the aptitude test provided for by Decree-Law No 115/92 complied with the last sentence of Article 4(1) of Directive 89/48 and that it was justified, among other things, in order to avoid any discrimination against Italian patent agents.

- 12 Dissatisfied with the Italian Government's reply, the Commission decided to bring this action.

The action

The regime of compulsory enrolment on the Italian register of patent agents

Arguments of the parties

- 13 The Commission points out that the regime of compulsory enrolment on the Italian register of patent agents, as laid down by Italian law, precludes patent agents who are lawfully practising their profession in another Member State in

which they are established from occasionally and temporarily acting as agents before the Italian Patent Office on behalf of clients who have instructed them, if they are not enrolled on that register.

- 14 The Commission contends that, while the Italian Republic may fix the rules applying to patent agents who establish themselves in its territory, the application of those same rules to patent agents established in other Member States who intend to practise occasionally and temporarily in Italy and whose profession is already regulated in the Member State of origin represents an obstacle to the freedom to provide services for the purposes of Article 49 EC.

- 15 The Commission observes, in that regard, that, according to the Court's case-law, the principle of freedom to provide services may be restricted only by legislation justified by the public interest, to the extent that such interest is not protected by the rules to which the service provider is subject in the Member State in which he is established. In addition, such restrictions must be objectively necessary in order to guarantee compliance with professional rules of conduct and ensure protection of the interests which is the purpose thereof. It is for the Member State concerned to demonstrate the necessity and proportionality of the restrictions on the freedom to provide services. No such evidence has been adduced in this case.

- 16 The Italian Government maintains, primarily, that the patent agents' activity of representing inventors before a national patent office is, by its very nature, neither occasional nor temporary within the meaning of Article 50 EC, so that such activity does not come within the field of application of the provisions of the EC Treaty on the freedom to provide services.

- 17 The activity of filing and registering an invention cannot constitute an occasional service, but extends over a long period. Such activity involves a continuous relationship with the office concerned throughout the period of examination (requests for clarification from the office, filing of responses, amendment of the application, etc.), which is concluded by the decision to grant or refuse the patent. Thus, the activity of representation extends over several years.
- 18 The Italian Government submits that it is unreasonable to think that an inventor is going to instruct a patent agent to file a patent application as a single act, and then himself complete, or instruct another patent agent to complete, the examination procedure which follows and which requires the utmost professionalism. It is, in fact, a complex service requiring regular, periodical and continuous attendances.
- 19 Even if the activity in question could be carried on on a temporary basis within the meaning of Article 50 EC, the Italian Government submits that compulsory enrolment on the Italian register of patent agents, which is subject to the passing of an exam, is intended to protect the public interest inherent in the protection of the interests of recipients of the services concerned.
- 20 In the first place, without systematic enrolment on that register, the competent Italian authorities could not keep a check on the occasional nature of the activity carried on by a patent agent established in another Member State, in view of the number of applications submitted to the Italian Patent Office. Furthermore, if a check was made in a particular case, the owner of the invention would run the risk of seeing his application struck out, which would seriously prejudice his

interests. Secondly, the Italian legislation in question enables a check to be kept on the competence of patent agents with a view to protecting the recipients of the services they provide against the damage which can be caused by legal advice from those without the requisite professional and ethical qualifications.

Findings of the Court

- 21 It is appropriate, first, to examine whether the Italian Government's assertion that the activity of patent agents does not come within the Treaty provisions concerning the freedom to provide services because it cannot be carried on on a 'temporary' basis in the Member State where the services are provided is well founded.

- 22 It is clear from the Court's case-law that the 'temporary' nature of the carrying-on of an activity in the host Member State, within the meaning of the third paragraph of Article 50 EC, must be determined in the light, not only of the duration of the provision of the service, but also of its regularity, periodical nature or continuity, and that the concept of 'establishment' within the meaning of the Treaty allows a Community national to participate, on a stable and continuous basis, in the economic life of a Member State other than his State of origin (Case C-55/94 *Gebhard* [1995] ECR I-4165, paragraphs 25 and 27).

- 23 The decisive criterion for the purposes of the application of the chapter of the Treaty concerning services to an economic activity is the absence of stable and continuous participation by the person concerned in the economic life of the host Member State.

24 Although the representative activity of a patent agent before a national patent office, consisting among other things of the filing and pursuit of patent applications and their protection, includes a series of activities which extend over a period of time, it could not be said that such activity necessarily involves a stable and continuous participation in the economic life of the host Member State. In addition, there is nothing to prevent a client instructing a patent agent with a view to a single action or several occasional actions connected with the carrying-on of the activity in question. The disadvantages which such a step would, according to the Italian Government, involve are irrelevant to whether the activity in question is to be regarded in the host Member State as a provision of services for the purposes of Community law.

25 Therefore, the activity of patent agents is capable of coming within the field of application of the Treaty chapter concerning the freedom to provide services.

26 Furthermore, as the Court has held on many occasions, Article 49 of the EC Treaty requires not only the elimination of all discrimination on grounds of nationality against providers of services who are established in another Member State but also the abolition of any restriction, even if it applies to national providers of services and to those of other Member States alike, which is liable to prohibit, impede or render less advantageous the activities of a provider of services established in another Member State where he lawfully provides similar services (see, among others, Case C-58/98 *Corsten* [2000] ECR I-7919, paragraph 33).

27 The requirement imposed on patent agents established in a Member State other than the Italian Republic who wish to provide services in the latter State to be

entered on the Italian register of patent agents constitutes a restriction within the meaning of Article 49 EC (see particularly, to that effect, *Corsten*, cited above, paragraph 34).

- 28 Even if there is no harmonisation in the field, such a restriction on the fundamental principle of freedom to provide services can be based only on rules justified by overriding requirements relating to the public interest and applicable to all persons and undertakings operating in the territory of the State where the service is provided, in so far as that interest is not safeguarded by the rules to which the provider of such a service is subject in the Member State where he is established (see, among others, *Corsten*, paragraph 35).
- 29 The Italian rules in question are intended to guarantee the quality of the services provided by patent agents and to protect those who have commissioned such services. While such objectives constitute overriding requirements relating to the public interest capable of justifying a restriction on freedom to provide services, it is also necessary, in accordance with the principle of proportionality, that the application of national rules of a Member State to providers of services established in other Member States be appropriate for securing attainment of the objectives which they pursue and not go beyond what is necessary in order to attain them (see, among others, Case C-76/90 *Säger* [1991] ECR I-4221, paragraphs 15 to 17, and *Corsten*, paragraphs 38 and 39).
- 30 However, as the Commission has correctly pointed out, the professional aptitude test required for the compulsory enrolment of patent agents on the Italian register does not differentiate between providers of services whose professional competence and qualities have been subject to scrutiny in the Member State of origin and those who have not been subject to such scrutiny.

- 31 In addition, as the Advocate General pointed out at paragraph 45 of his Opinion, other less restrictive measures could have been adopted in order to achieve the objectives legitimately pursued by the Italian Republic.
- 32 Consequently, even if the Italian legislation in question applies irrespective of the nationality of the providers of services and appears to be appropriate to ensure the attainment of the objectives consisting in the protection of those who commissioned the services provided, it goes beyond what is necessary to attain those objectives.
- 33 In those circumstances, the first complaint is well founded.

The complaint relating to the obligation to have a residence or place of business in Italy

Arguments of the parties

- 34 The Commission claims that in so far as Article 2 of Decree No 342/95 requires, for enrolment on the register of patent agents authorised to practise their profession in Italy, a residence or place of business in that Member State, except in the case of nationals of States which permit the enrolment of Italian citizens on their own registers without such a condition, it entails an unjustified obstacle to the principle of freedom to provide services.

- 35 Firstly, a patent agent established in another Member State would be dissuaded from occasionally providing services in Italy since it would be difficult for him to equip himself with a permanent business infrastructure in the host Member State. None of the arguments put forward by the Italian Government could justify such a restriction on the freedom to provide services.
- 36 Secondly, the condition of reciprocity, by virtue of which the Italian Republic is disposed to observe Community law only in its relations with the Member States which do not require the same residence obligation, is not acceptable in the light of Community law (see, among others, Case C-232/78 *Commission v France* [1979] ECR 2729 and Case C-101/94 *Commission v Italy* [1996] ECR I-2691).
- 37 The Italian Government observes that the obligation to have a business address in Italy serves, in accordance with its national legislation, to determine the court which has territorial jurisdiction over proceedings between a party claiming nullity or invalidity of a patent and the owner and/or the licensees thereof and/or those claiming under them. Such obligation is not only lawful but is also in accordance with the public interest relating to the legal system.
- 38 The Italian Government states that the obligation to have a place of business in Italy is satisfied by giving a mere address for service in Italy: it is not necessary to transfer residence or set up business in Italy. The requirement of an address for service is, in view of the minimal and economically insignificant costs, completely

justified and proportionate to the overriding reasons of public interest constituted by the protection of recipients of the services in question and the proper functioning of the legal system.

- 39 Finally, as regards the condition of reciprocity, the Italian Government observes that it should be interpreted as expressing the will of the Italian legislature to anticipate future situations in which agreements with non-member states or Community rules and agreements between the Community and non-member states allow the matter to be regulated differently. The Italian Government, while appearing to be disposed to amend the said condition, submits that it is really a marginal question.

Findings of the Court

- 40 It is appropriate to point out, at the outset, that Article 2 of Decree No 342/95 expressly states that only natural persons who have 'their residence or a place of business in Italy', unless they are nationals of a State which permits enrolment of Italian nationals on its national register without such a condition, may be enrolled on the Italian register of patent agents.
- 41 Therefore, the Italian Government's argument that enrolment on the Italian register of patent agents merely requires an address for service in Italy, cannot be accepted.
- 42 With regard to the obligation to have a residence or place of business within the meaning of Article 2 of Decree No 342/95, the requirement that a patent agent,

already established and qualified in another Member State and wishing to supply services, have a residence or a place of business in the host Member State constitutes a restriction of the freedom to provide services (see particularly, to that effect, Case 252/83 *Commission v Denmark* [1986] ECR 3713, paragraph 18).

- 43 Such a requirement may be regarded as compatible with Articles 49 EC and 50 EC only if it is established that in the field of activity concerned there are imperative reasons relating to the public interest which justify the restrictions on the freedom to provide services, that the public interest is not already protected by the rules of the State of establishment and that the same result cannot be obtained by less restrictive rules (see, in particular, *Commission v Denmark*, cited above, paragraph 19).
- 44 The need to determine which court has territorial jurisdiction over proceedings relating to patents registered in Italy as well as concern to ensure the efficient conduct of such proceedings may be pleaded as overriding reasons of public interest capable of justifying restrictions on the freedom to provide services.
- 45 However, the requirement to have a residence or place of business in Italy goes, on any view, beyond what is necessary to attain those objectives, since the Italian Republic could have adopted less restrictive measures to achieve those objectives.

46 With regard to the condition of reciprocity also provided for by Article 2 of Decree No 342/95, where there is no indication that it does not apply to service providers established in other Member States, it is sufficient to observe that, in accordance with the Court's case-law (see *Commission v France*, cited above, paragraph 9; Case 325/82 *Commission v Germany* [1984] ECR 777, paragraph 11, and *Commission v Italy*, cited above, paragraph 27), a Member State cannot plead failure to observe the principle of reciprocity or rely on a possible infringement of the Treaty by another Member State to justify its own default.

47 Accordingly, the second complaint is also well founded.

48 In those circumstances it must be declared that, by retaining rules requiring patent agents established in other Member States to be enrolled on the Italian register of patent agents and to have a residence or place of business in Italy, in order to provide services before the Italian Patent Office, the Italian Republic has failed to fulfil its obligations under Articles 49 EC to 55 EC.

Costs

49 Under Article 69(2) of the Rules of Procedure, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since the Commission has applied for costs and the Italian Republic has been unsuccessful in its pleas, the latter must be ordered to pay the costs.

On those grounds,

THE COURT (Sixth Chamber)

hereby:

1. Declares that by retaining rules requiring patent agents established in other Member States to be enrolled on the Italian register of patent agents and to have a residence or place of business in Italy, in order to provide services before the Italian Patent Office, the Italian Republic has failed to fulfil its obligations under Articles 49 EC to 55 EC;
2. Orders the Italian Republic to pay the costs.

Puissochet

Schintgen

Gulmann

Macken

Cunha Rodrigues

Delivered in open court in Luxembourg on 13 February 2003.

R. Grass

J.-P. Puissochet

Registrar

President of the Sixth Chamber