OPINION OF ADVOCATE GENERAL LÉGER

delivered on 12 September 2002 [1]

1. In the present action, the Commission of the European Communities seeks a declaration that the Italian Republic has failed to comply with its obligations under Articles 49 EC to 55 EC. It claims in substance that that Member State has retained rules requiring patent agents established in other Member States to be registered on the Italian list of patent agents and to have a residence or place of business in Italy in order to provide services before the Italian Patent Office.

I — Legal background

A — *Community legal background*

2. The first paragraph of Article 49 EC provides:

'Within the framework of the provisions set out below, restrictions on freedom to provide services within the Community shall be prohibited in respect of nationals of Member States who are established in a State of the Community other than that of the person for whom the services are intended.'

3. According to Article 50 EC, '[s]ervices shall be considered to be "services" where they are normally provided for remuneration, in so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons.

"Services" shall in particular include:

(a) activities of an industrial character;

(b) activities of a commercial character;

(c) activities of craftsmen;

1 — Original language: French.

(d) activities of the professions.

Without prejudice to the provisions of the Chapter relating to the right of establishment, the person providing a service may, in order to do so, temporarily pursue his activity in the State where the service is provided, under the same conditions as are imposed by that State on its own nationals.'

B — *National legal background*

4. Article 38 of Decree No 338 of the President of the Republic of 22 June 1979, entitled 'Revision of the national legislation relating to patents under Delegating Law No 260 of 26 May 1978', which amends Article 94 of Royal Decree No 1127 of 29 June 1939, provides:

'Article 94 is replaced by the following article: 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.'

5. Article 2 of Decree No 342 of the Italian Republic of 30 May 1995, entitled 'Regulation of the profession of industrial property agents and the keeping of the appropriate register', makes enrolment on that register 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.' [2]

II — Procedural background

A — *Pre-litigation procedure*

6. In its letter of formal notice of 29 July 1998, the Commission criticised the Italian authorities for having retained Article 94 of Royal Decree No 1127 of 29 June 1939, as amended, and Article 2 of Decree No 342 of 30 May 1995. The Commission maintains that those articles are incompatible with the fundamental principle of freedom to provide services laid down by Article 49 EC. It claims that it is excessive to require patent agents established in other Member States, in which they are lawfully practising their profession, to be enrolled on the Italian register of patent agents once they have passed an aptitude test and to have a residence or a place of business in Italy, particularly where their practice before the Italian Patent Office is only sporadic and occasional.

7. The Commission takes the view that these requirements are neither justified by an overriding reason in the public interest nor proportionate to the aim pursued and that they accordingly constitute a restriction on the freedom to provide services.

8. It therefore requested the Italian Government to send it its observations within a period of two months from the receipt of the letter of formal notice.

9. The Italian Republic disputes the complaints made against it. It submits that the requirements specified in Article 94 of Royal Decree No 1127 of 29 June 1939, as amended, and Article 2 of Decree No 342 of 30 May 1995 are justified by overriding reasons in the public interest and are proportionate. In particular, they guarantee to a user of the services, who does not wish to act in person in his relations with the administration, the good standing and competence of patent agents established in other Member States.

10. As it considered the reply of the Italian authorities to be unsatisfactory, on 4 August 1999 the Commission sent them an additional letter of formal notice. In that letter, the Commission repeated its pre-

2 — Decree-law of the Italian Republic implementing Council Directive 89/48/EEC of 21 December 1988 (OJ 1989 L 19, p. 16) 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.

vious complaints and added that the second paragraph of Article 6 and the first paragraph of Article 13 of Decree-law No 115 of 27 January 1992 are contrary to Directive 89/48 since they make even the occasional and irregular practice of the profession of patent agent subject to the passing of an aptitude test.

11. On 12 October 1999, the Italian Republic informed the Commission that it maintained its position.

12. On 17 February 2000, the Commission sent to the Italian authorities a reasoned opinion in which it repeated its complaints and invited them to adopt the measures necessary to comply with that opinion within a period of two months.

13. On 14 November 2000, the Italian authorities restated their position set out in previous correspondence.

14. Taking the view that this reply did not allow it to find that the Italian Republic had complied with the obligations under Articles 49 EC to 55 EC, the Commission decided to bring the present action.

B — *Forms of order sought by the parties*

15. The Commission's application was lodged at the Court Registry on 21 March 2001.

16. The Commission claims that the Court should:

— declare that, by retaining rules requiring patent agents established in other Member States to be registered on the Italian list 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 on the freedom to provide services;

— order the Italian Republic to pay the costs.

17. The Italian Republic contends that the Court should dismiss the Commission's application and order the latter to pay the costs.

III — The first complaint relating to the incompatibility of Article 94 of Royal Decree No 1127 of 29 June 1939, as amended, with the provisions of Article 49 EC

A — *Arguments of the parties*

18. By its first complaint, the Commission claims that the requirement that patent agents established in other Member States be registered on the Italian list of patent agents, in order to be able to act occasionally and temporarily as agents before the Italian Patent Office on behalf of clients who have commissioned their services, represents a restriction on the freedom to provide services.

19. The Commission recalls that 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 rules to which the service provider is subject in the Member State where he is established.

20. According to the Commission, it is also part of the Court's settled case-law that these requirements must be objectively necessary in order to guarantee compliance with professional rules and to ensure the protection of the interests which is the purpose thereof.

21. Lastly, the Commission observes that the Court has consistently held that it is for the Member State which imposes these requirements to demonstrate both the necessity and the proportionality of the restrictions imposed by its national rules on the principle of freedom to provide services.

22. It states that, in the present case, such evidence has not been adduced by the Italian Republic.

23. The Italian Government submits that the activity of patent agent is not subject to the provisions of Article 50 EC. The determining factor for treating an activity as temporary and occasional is not only the regularity and periodic nature of its provision but also its duration and continuity. In the present case, the activity of filing and registering a single invention is not an occasional service but one which lasts for several months. The protection of the patent and the representation of the client which follows from it will take a number of years. Accordingly, that activity cannot be termed temporary or occasional. It follows that Article 50 EC does not apply.

24. According to the Italian Government it would be unrealistic to think that an applicant would engage a patent agent for a single act, such as the filing of a patent application, and then instruct another agent to handle all the examination procedure which follows. It argues that services provided by a patent agent invariably involve a complex activity requiring regular, periodical and continuous acts. Such a situation justifies a different classification of the services in question. It follows that these services can be provided only in a stable and continuous manner in the host Member State.

25. The Italian Government states that, even if these services can be treated as temporary and occasional, the restriction on the principle of freedom to provide services is justified in the present case. It submits that the protection of the public interest is involved, in particular the avoidance of a situation where the interests of the owner of the invention may be jeopardised. The purpose of this restriction is to make good the difficulties encountered by the Italian Patent Office in keeping a check on the occasional nature of the activity carried out by a patent agent from another Member State. Having regard in particular to the number of applications and documents filed with the national office, such a check is in fact impossible. Without such a measure being in place, the owner of the invention would run the risk of seeing his application for registration struck out. There is a need to be satisfied as to the professional qualifications and integrity of patent agents established in other Member States. The public interest in protecting users of the services in question against the harm arising from the absence of professional or ethical competence on the part of patent agents fully justifies the restriction on freedom to provide services.

26. The Italian Government also claims that the reason for the restrictions is a desire to reestablish a measure of equality between Italian patent agents and those established in other Member States, particularly in Germany and the United Kingdom. It states that the latter are already in an advantageous position from a linguistic and geographical point of view. This creates a situation in which free competition is distorted.

27. The Italian Government further submits that it would be impossible to identify with certainty persons qualified to carry on the profession of patent agent in their Member State of origin, those who have the right to use a particular title and the training needed to obtain this title, as also to establish whether this corresponds to the training required in Italy.

B — *Assessment*

28. The Italian Government's definition of the concept of 'provision of services on a temporary basis' is contrary to the settled case-law of the Court.

29. According to the Court, this concept applies in circumstances where the provider of a service moves to another Member State to offer his services there. Furthermore, the provisions of the third paragraph of Article 50 EC envisage that he may pursue his activity there on a temporary basis. [3]

30. The temporary nature of the activities in question has to 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. [4]

31. On the other hand, the concept of 'establishment' within the meaning of the Treaty is broad, allowing 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 and to profit therefrom, so contributing to economic and social interpenetration within the Community in the sphere of activities of self-employed persons. [5]

32. The determining factor in classifying an activity as 'temporary' is therefore the fact of participating in a way which is neither stable nor continuous in the economic life of a Member State other than one's Member State of origin.

33. In the present case, I do not see anything which prevents the activity of

3 — Case C-55/94 *Gebhard* [1995] ECR I-4165, paragraph 26.

4 — *Ibidem*, paragraph 27.

5 — *Ibidem*, paragraph 25.

patent agent being carried out on a temporary basis within the meaning of the third paragraph of Article 50 EC. Moreover, the Italian Government appears by implication to recognise this, since it restricts itself to claiming that the occasional exercise of this activity would seem unreasonable since the effectiveness of the task of the service provider would be prejudiced. In so doing, it recognises that the temporary exercise of that activity is possible, although undesirable.

34. It must therefore be held that the provisions of Article 49 EC et seq., and in particular those of the third paragraph of Article 50 EC, apply to the activity of patent agent when it is carried out on a temporary basis.

35. The next question is whether the provisions of Italian law constitute a restriction on freedom to provide services, within the meaning of Article 49 EC. If so, it will be necessary to establish whether this restriction is justified by overriding requirements relating to the public interest and whether the measures taken to secure that protection are proportionate.

36. It is settled case-law that Article 49 EC requires not only the elimination of all discrimination on grounds of nationality against service providers established in another Member State but also the abolition of any restriction, even if it applies to national service providers and to those of other Member States alike, which is liable to prohibit, impede or render less advantageous the activities of a service provider established in another Member State where he lawfully provides similar services. [6]

37. The Court has invariably held that the requirement imposed on an economic operator established in a Member State who wishes, as a provider of services, to carry on an activity in another Member State to be entered on the latter's trade register constitutes a restriction within the meaning of Article 49 EC. [7]

38. It follows that the requirement for patent agents established in other Member States to be entered on the Italian list of patent agents in order to be allowed to provide occasional and temporary services as agents before the Italian Patent Office on

6 — See Case C-58/98 *Corsten* [2000] ECR I-7919, paragraph 33 and the other case-law referred to in this paragraph.

7 — *Ibidem*, paragraph 34. See also Case C-358/98 *Commission* v *Italy* [2000] ECR I-1255, paragraph 15, and Case C-264/99 *Commission* v *Italy* [2000] ECR I-4417, paragraph 8.

behalf of clients who have commissioned their services constitutes a restriction on freedom to provide services.

39. The Court has held that, 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 host Member State, 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. [8]

40. The Court has held that the objective of guaranteeing the quality of work carried out and of protecting those who have commissioned such work is an overriding requirement relating to the public interest capable of justifying a restriction on freedom to provide services. [9]

41. Nevertheless, it has made it clear that in accordance with the principle of proportionality the application of the national rules of a Member State to service providers established in other Member States must be appropriate to secure attainment of the objective which they pursue and not go beyond what is necessary in order to attain it. [10]

42. In the present case, the national legislation in question seeks to guarantee the quality of work carried out and to protect the users of these services. This objective must in fact be regarded as capable of justifying a restriction on freedom to provide services. However, it is my opinion that the measures adopted to achieve this objective exceed what is necessary. I consider that the Italian Government has infringed the principle of proportionality.

43. As the Commission has quite correctly pointed out, the proper way to deal with the issue raised by the Italian Republic in relation to the quasi-monopoly of German and British patent agents, who they allege to be strongly advantaged from a linguistic and geographical point of view, would have been for the Italian authorities to make a complaint to the Commission, which alone is competent to take the measures necessary to correct that situation. In no circumstances can breach of a Treaty rule be remedied by breach of a fundamental principle of the Treaty, such as that of freedom to provide services. [11]

8 — See *Corsten*, paragraph 35 and the case-law referred to in this paragraph. See also Case C-390/99 *Canal Satélite Digital* [2002] ECR I-607, paragraph 38.

9 — See *Corsten*, paragraph 38.

10 — *Ibidem*, paragraph 39.

11 — See in particular Case 232/78 *Commission* v *France* [1979] ECR 2729, paragraph 9.

44. Moreover, the fact of indiscriminately making subject to the same scrutiny both agents whose Member State of origin has no authorisation procedure or preventive scrutiny of the profession as well as those from a Member State where that procedure already exists, and where it cannot be claimed that the competence and professionalism of service providers are not already checked, appears disproportionate in order to achieve the objective of protecting persons using these services.

45. As regards the impossibility of monitoring the competence and the occasional and temporary nature of the activities of agents acting before the Italian Patent Office, I am of the view that other measures that are less restrictive, but equally suitable and that better respect the right of freedom to provide services, could be found. For example, the various agents could be asked to prove that they meet the conditions required to work as patent agents. [12] Similarly, the host Member State could provide for temporary, automatic enrolment on a register, provided that this neither delayed the provision of services nor rendered their provision more difficult in any way. [13]

46. It follows from the above that the first complaint is well founded.

12 — See by analogy Case C-101/94 *Commission* v *Italy* [1996] ECR I-2691, paragraph 22.

13 — See by analogy Case C-298/99 *Commission* v *Italy* [2002] ECR I-3129, paragraph 62.

IV — The second complaint, relating to the incompatibility with the provisions of Article 49 EC of the obligation to have a residence or place of business in Italy in order to provide services in that Member State

A — *Arguments of the parties*

47. The Commission claims that in so far as Article 2 of Decree No 342 of 30 May 1995 also imposes a requirement to have a residence or place of business in Italy as a condition of entry on the register of patent agents authorised to carry on their profession in that Member State, except in the case of nationals of States which allow Italian citizens to be entered on their own registers without fulfilling that requirement, it also constitutes an unjustified restriction on the principle of freedom to provide services.

48. The reciprocity provision shows that the Italian Republic is minded to observe Community law only in its relations with Member States which also observe it, that is to say those which do not impose a similar residence obligation. That is unacceptable. Furthermore, the Italian Government has indicated that it is prepared to modify the condition in question, but has not implemented this declaration of intention.

49. According to the Commission, the various arguments put forward by the Italian Republic are not sufficient to justify the restriction in question.

50. The Italian Republic submits that the reciprocity condition must be understood as expressing the will of the Italian legislature to cater for future situations in which agreements with non-member countries would allow the matter to be regulated in a different way. The Italian Government explains however that it is ready to modify this condition, but considers that the point in issue is utterly marginal and purely formal.

51. As far as the obligation to have a business address in Italy is concerned, the Italian Government observes that under national legislation, that address serves to determine the territorial jurisdiction of the Italian courts in cases between a party seeking the nullity or invalidity of a patent and its owner or licensees or persons claiming under them, and that this rule is not only lawful but also in accordance with the public interest in the judicial system.

B — *Assessment*

52. As far as the reciprocity provision is concerned, it must be held that given the wide terms in which it is expressed it addresses not only future extra-Community situations, but also current, intra-Community situations. It should be noted that under present Italian legislation, service providers established in other Member States are deprived of the opportunity freely to provide their services in Italy if they are not first entered on the register of patent agents and do not have a residence or place of business in that Member State. There is only one exception to this rule, namely where the Member States in which they are established allow Italian citizens to be entered on their registers without those

citizens having to show evidence of a residence or place of business in that country. According to the Court's settled case-law, a Member State cannot plead failure to respect the principle of reciprocity or rely on a possible infringement of the Treaty by another Member State to justify its own default. [14]

53. It follows that the reciprocity condition laid down in Article 2 of Decree No 342 of 30 May 1995 must be declared contrary to the provisions of Article 49 EC.

54. As regards the obligation to have a residence or place of business address in the host Member State, it should be noted that there is settled case-law in terms of which a requirement that an economic operator, already established in another Member State and wishing to provide services on a temporary basis, should have a residence or place of business in the State in which the services are to be received constitutes a serious restriction on freedom to provide services. [15]

55. It follows that that 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 restrictions on the freedom to provide services, that this 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. [16]

56. In the present case, the Italian Government justifies this measure in terms of its concern to protect the users of the services of patent agents established in other Member States, to determine the territorial jurisdiction of the Italian courts in cases between a party seeking the nullity or invalidity of a patent and its owner, and to ensure the proper conduct of these proceedings.

57. In my view, these reasons may justify restrictions on the principle of the freedom to provide services. However, I am of the view that the requirement to have a residence or place of business is disproportionate in that it involves expenses and other unnecessary disadvantages for a patent agent established in another Member State. Measures that are less restrictive but equally effective and that better respect the

14 — See Case C-101/94 *Commission* v *Italy*, cited above, paragraph 27.

15 — See, for example, Case 252/83 *Commission* v *Denmark* [1986] ECR 3713, paragraph 18.

16 — *Ibidem*, paragraph 19.

principle of the freedom to provide services could be adopted. As far as the need to confer territorial jurisdiction on the Italian courts is concerned, the same result could be achieved by providing that any dispute involving a patent registered in Italy was subject to the jurisdiction of the Italian courts. Similarly, as regards the need to ensure the proper conduct of proceedings and the protection of the users of services, measures such as the use of a post office box, an address for service at the offices of another agent and various methods of transmission, telecommunication and transport would achieve the desired objectives.

58. I am therefore of the opinion that the second complaint is likewise well founded.

V — Costs

59. 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. As the Commission applied for the Italian Republic to be ordered to pay the costs and the latter has been unsuccessful in its defence, it should be ordered to pay the costs.

VI — Conclusion

In the light of the foregoing, I propose that the Court should:

— declare that by retaining rules requiring patent agents established in other Member States to be registered on the Italian list 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 regarding the freedom to provide services;

— order the Italian Republic to pay the costs.