REPORT FOR THE HEARING
in Case C-76/90 *

I — Facts and procedure

1. *European legal context*

An application for a national patent must in principle be submitted to the patent office in the country concerned. The conditions under which patents are issued and renewed are governed by national law. Under the European Patent Convention . . . , it is also possible to submit an application for a European Patent to the European Patent office in Munich. A European Patent issued by this office represents a group of national patents from the Contracting States which the applicant for the patent has indicated in his application. The European Patent has the same effect and the same value in a Contracting State as a patent issued by the patent office of that State. In order to maintain the rights in a patent, or upon application for a patent, it is necessary to pay an annual fee to the patent office in question, which regularly publishes the rates of the renewal fees payable.

The maintenance and renewal of patents constitute an activity which is largely mechanical and routine, and easily carried out with the use of computers. For that reason, patent experts in the EEC and in the United States have set up a series of undertakings which have specialized in the wholesale and computerized monitoring of annual fees.

2. *National legal background*

Pursuant to Paragraph 1(1) of the Rechtsberatungsgesetz (Law on Legal Advice, hereinafter referred to as 'RBerG'), only persons who obtain a licence from the competent authority may by way of business attend to legal affairs on behalf of others or to claims assigned for the purpose or recovery. According to the same provision, a licence is to be granted for the specific fields listed therein. The maintenance of intellectual property rights for third parties by way of business does not appear among the fields mentioned. That activity may be exercised by 'Patentanwälte' (patent agents; see the second sentence of Paragraph 3 of the Patentanwaltsordnung (Law on the Legal Professions). It may also be carried out by lawyers (see the fifth sentence of Paragraph 3 of the Patentanwaltsordnung and Paragraph 3 of the Bundesrechtsanwaltsordnung (Federal Law on the Legal Professions).

Paragraph 1(3) of the RBerG provides that that law is without prejudice to the professional activities of notaries and other persons holding public office, as well as of lawyers and patent agents.

By judgment of 12 March 1987 the Bundesgerichtshof held that reminding the holders, by way of a professional activity, that the fees in respect of industrial property rights were payable, and the payment of those fees

* Language of the case: German.

on behalf of third parties, without the licence required under Paragraph 1(1), of the RBerG were contrary to that paragraph.

3. *Background to the main proceedings*

Dennemeyer & Co. Ltd was founded in 1973 by two European patent agents, one of whom also holds the title of British Chartered Patent Agent. The company has its registered office in Great Britain and specializes in the monitoring and maintenance of industrial property rights on behalf of the proprietors of those rights. From Great Britain it carries out that activity in a number of countries, including Germany, and thus provides a service for the holders of industrial property rights established in that country. It carries out its activity with the aid of a computerized system. The holders of the rights periodically receive 'fee reminders' in which appear, *inter alia*, the dates on which payment is due and the amount payable to maintain the patents. The holder in question returns the document to Dennemeyer indicating whether that company is to make the payments mentioned therein. In that context, Dennemeyer does not advise its clients regarding either the choice to be made or the consequences of making payment or of not doing so. Moreover, the client alone assumes responsibility for advising the company of any change in the situation regarding the patent which is capable of having an effect on the payment of the renewal fee. Finally, Dennemeyer charges commission for its activity which is less than the rates applied by German patent agents in that sector.

Mr Säger is a patent agent in Munich. He considers that Dennemeyer's activity, in so far as it consists in attending to legal affairs for third parties, is contrary to the RBerG because Dennemeyer does not have the licence required under that law. Moreover, according to Mr Säger, Dennemeyer's behaviour also constitutes an infringement of Paragraph 1 of the Gesetz gegen den unlauteren Wettbewerb (Law against Unfair Competition).

Upon application from Mr Säger, the Landgericht (Regional Court) München I made an interlocutory order prohibiting Dennemeyer from 'offering and/or supplying for competitive purposes, in German territory, services for the monitoring and/or maintenance of German intellectual property rights for third parties who are not patent agents or lawyers'.

As to the substance, however, the Landgericht, on 1 December 1988, dismissed Mr Säger's action against Dennemeyer. According to the Landgericht, the provisions of the RBerG were not applicable because Dennemeyer was carrying out its activity in Great Britain.

In the meantime, in May 1988, Dennemeyer lodged a complaint with the Commission of the European Communities. In its opinion the application of Paragraph 1(c) of the RBerG to its activity constituted an infringement of Article 59 et seq. of the EEC Treaty.

The Commission wrote to the German Government, which replied, in March 1989, that Dennemeyer's activities did not infringe Paragraph 1(1) of the RBerG since the company's registered office did not come within the area of application of that law.

Mr Säger appealed against the judgment of the Landgericht to the Oberlandesgericht (Higher Regional Court) München. Before that court Dennemeyer contested the international jurisdiction of the German courts, the applicability of German law and the existence of an infringement of the RBerG. Furthermore, in Dennemeyer's opinion, Article 59 of the Treaty precluded judgment being given against it.

The Oberlandesgericht indicated that it took the international jurisdiction of the German courts and the applicability of German law as settled. In that respect, it referred to the abovementioned judgment of the Bundesgerichtshof of 12 March 1987. According to the Oberlandesgericht, Dennemeyer was also carrying out its activity in German territory when it paid the fees for the maintenance of intellectual property rights in Germany, with the result that the German RBerG is applicable.

4. *Preliminary question*

By order of 25 January 1990 the Oberlandesgericht München, taking the view that the proceedings raised questions concerning the interpretation of Community law, decided to stay the proceedings and to refer to the Court, pursuant to Article 177 of the EEC Treaty, the following question for a preliminary ruling:

'Under Article 59 of the EEC Treaty, may a company incorporated under English law whose head office is in Great Britain be required to obtain a permit pursuant to the German Rechtsberatungsgesetz if, from its head office, in order to maintain or renew on behalf of third parties German industrial property rights whose holders are established in the Federal Republic of Germany, it monitors the due dates of renewal fees, informs the third parties of those due dates and pays the fees on behalf of those third parties in the Federal Republic of Germany, where it is not disputed that such activities may be carried on without a permit under the law of a significant number of Member States?'

5. *Procedure*

The order making the reference was registered at the Court Registry on 21 March 1990.

Pursuant to Article 20 of the Protocol on the Statute of the Court of Justice of the EEC, written observations were submitted by Mr Säger, the plaintiff in the main proceedings, represented by P. B. Schäuble, Rechtsanwalt, Munich, by Dennemeyer & Co. Ltd, the defendant in the main proceedings, represented by L. Donle, Rechtsanwalt, Munich, and C. Vajda, of the Bar of England and Wales by the German Government, represented by H. Teske and J. Karl, acting as Agents, by the United Kingdom, represented by R. Plender QC, of the Bar of England and Wales, instructed by J. Collins, Solicitor, acting as Agents, and by the Commission of the European Communities, represented by E. Lasnet and B. Langeheine, members of its Legal Service, acting as Agents.

On hearing the report of the Judge-Rapporteur and the views of the Advocate General, the Court decided to open the oral

procedure without any preparatory inquiry. However, it requested the Commission to supply certain information. By decision of 1 November 1990 the Court assigned the case to the Sixth Chamber.

II — Summary of the written observations submitted to the Court

Mr Säger claims that Article 59 requires, in principle, only that the prohibition of discrimination be observed. That means that a person providing services must comply with the professional provisions in force in the State in which the service is provided. As a result, licensing procedures are, in principle, also permissible, even though they may be particularly difficult to implement with regard to foreigners.

Mr Säger then observes that, where a restriction on the freedom to provide services exists, it should be ascertained whether it is necessary for imperative reasons. In the case in point, the RBerG serves to protect the public interest. In particular, that law is intended to protect individuals who entrust their legal interests to a legal adviser against persons who are not trustworthy and who do not possess the necessary knowledge. Moreover, the RBerG ensure that justice is administered properly. In that context, Mr Säger refers to the judgment of the Court in Case 427/85 *Commission* v *Germany* [1988] ECR 1123, in which the Court considered that the freedom to provide services may be restricted only by rules which are justified by the public interest and are imposed on all persons pursuing activities in the host Member State, in so far as that interest is not safeguarded by the rules to which the provider of the services is subject in the Member State in which he is established. According to Mr Säger, there is no law of the same type as the RBerG in the United Kingdom in the sector concerned.

For all those reasons, Mr Säger considers that the question referred to the Court should be answered in the affirmative.

The *German Government* maintains that the activity of providing services across frontiers carried out by Dennemeyer does not come within the requirement for a licence laid down by the RBerG, which is not applicable. That law constitutes a national legislation on the regulation of a profession. It is not applicable to the provision of services across frontiers when those services are provided by a provider of services established abroad. Dennemeyer's activities are outside the territorial scope of the RBerG. The Government takes the view that the case should not have been referred to the Court of Justice.

Purely in the alternative, the German Government points out that, according to the consistent case-law of the Court, the freedom to provide services may be restricted only by regulations which are justified by the general good, which are applicable without distinction to activities in the host State, and which are, in addition, objectively necessary. The German Government considers that the application of the RBerG to Dennemeyer's activities cannot be justified, in particular because the activity at issue is carried out abroad.

According to the *United Kingdom*, in the present case there are at least three pieces of German legislation which must be taken

into consideration: the Bundesrechtsanwaltsordnung, the Patentanwaltsordnung and the RBerG.

With regard to those three pieces of legislation, the United Kingdom claims that they give rise to discrimination which is contrary to Article 59 of the Treaty.

In the first place, the Patentanwaltsordnung requires patent agents to reside in Germany. That means that a person established in another Member State cannot carry out the activities of a patent agent, including the monitoring and the maintenance of industrial property rights.

in the second place, the RBerG relieves patent agents and lawyers of the obligation to obtain a licence which is laid down by that law. However, there is no such provision in respect of foreign lawyers and patent agents.

In the third place, licences under the RBerG are not issued automatically. If there is already a sufficient number of patent agents to satisfy demand for the relevant services, no further licences will be issued. Such a system operates to the advantage of German agents.

The United Kingdom then turns to the problem of the objective justification of the German measures. It considers that there is no such justification in the present case. The activities carried out by Dennemeyer are mechanical operations. In that respect, no specific protection of interests is necessary. Furthermore, the restriction is in any event a disproportionate one. The German legislation does not take account, in particular, of the fact that a person may already be authorized, in another Member State, to carry out the activities of a patent agent.

The *Commission* questions, as a preliminary point, whether a licence under the RBerG can be granted, given that it is only issued for the specific fields listed in that law. The maintenance of industrial property rights for third parties by way of a business activity, is not included in those fields.

The Commission then refers to the case-law of the Court, according to which the freedom to provide services may be restricted only by legislation justified in the public interest and which apply to all persons carrying out an activity in the territory of the host State, in so far as that interest is not protected by the rules to which the person providing the service is subject in the Member State in which he is established. Moreover, the requirements set down by the national regulations must be objectively necessary.

According to the Commission, the RBerG, in so far as it applies to the maintenance of industrial property rights by way of business does not comply with the conditions formulated in the case-law of the Court.

The Commission takes the view that the RBerG seeks to achieve the following three objectives: to protect the persons concerned against advice from persons who are insufficiently qualified or untrustworthy, to ensure that general legal relationships run smoothly and to ensure that professional ethics are observed.

The payment of fees in order to maintain an industrial property right is a straightforward, mechanical act which does not call for any particular ability. The legal consequences of any wrongful conduct are very limited and do not exceed the normal risk attached to a mandate of this type in commercial life. Furthermore, in the system for renewing patents the holder is adequately protected against the loss of his industrial property right in the event of non-payment of the fee. For those reasons, the Commission considers that to impose special conditions regarding trustworthiness or legal competence on the person responsible for monitoring when the fees become payable and with paying them cannot be justified.

The Commission then goes on to maintain that, because the payment of fees is an operation which does not raise any legal problem, it is really of no importance for the conduct of legal relationships.

Finally, the Commission remarks that, because the matter concerned is straightforward and of secondary importance, it is neither necessary nor appropriate for it to be tied to a specific professional branch, governed by its own rules of professional conduct.

On the basis of those considerations, the Commission proposes the following reply:

'Article 59 of the EEC Treaty must be interpreted as meaning that it precludes national rules according to which a company whose registered office is in another Member State needs a licence under provisions such as those of the German Rechtsberatungsgesetz, when, from its own head office, it monitors, on behalf of third parties who are the holders of industrial property rights in the Member State in which they are established, and in order to preserve those rights, the dates when the fees pertaining to those rights are payable and pays the fees on their behalf in that Member State.'

Purely in the alternative, the Commission states that if the person providing the service is approved by the State in which he is established as a lawyer or patent agent, or if he possess other qualifications recognized by that State in the field of patent law, the authorities of the State in which the service is provided must take account of that factor.

Dennemeyer follows the same line of reasoning as the Commission. In its opinion, the question whether a restriction is justified in the public interest depends on the nature of the service as well as on the situation of the person for whom it is provided. In that respect, Dennemeyer points out that it does not provide its services to non-specialist consumers, but either to patent agents or to the patent specialists of the undertakings concerned. Dennemeyer adds that the European Patent Office has declared that the holder of a patent may entrust any person with the responsibility of paying the fees payable on his behalf. Furthermore, there is nothing in the European Patent Convention to indicate that the protection of holders requires the activity of renewing patents to be conferred on patent agents.

P. J. G. Kapteyn
Judge-Rapporteur