AIPPI

AIPPI Submission to WIPO for a treaty to be established on Intellectual Property Adviser Privilege

This submission addresses the need for a treaty to establish laws in the Member States of WIPO providing for minimum standards for the recognition, observance and protection of communications to and from Intellectual Property (***IP***) advisers as confidential information, in relation to their advice on intellectual property rights (***IPR***), in other words for the protection of privilege.

1. Introduction – Summary of the issue arising on the need for privilege and the proposed solution

The Problem

1.1 The lack of uniform laws relating to the application of privilege to communications to and from IP advisers and their clients, is causing IP owners to risk loss of and lose confidentiality in advice they obtain from IP advisers. It also causes loss and the risk of loss of privilege in countries where privilege would apply.

1.2 Privilege is dependent upon confidentiality in the communications to which it applies first being established and then being maintained. If privilege is not recognised in one of two countries in which an owner of IP wishes to enforce that IP, communication of the advice obtained in the country where privilege does exist to the country where it does not, brings with it the risk that the advice may be required to be made public in the latter country. If it is thus forced to be published, it is no longer confidential. Thus, privilege in the advice will be lost in the country where privilege would otherwise have existed.

1.3 Privilege exists for the purposes of encouraging those seeking advice and those giving it to be fully frank with each other in the process. The global nature of trade and of IPR which supports that trade, go hand in hand. Thus, the problems of different standards of privilege and of the recognition in one place of privilege and non-recognition of privilege in another place, are inevitably going to cause problems in doing business based on, and in enforcing, IPR.

1.4 The scope of privilege in each country involved in this issue needs to be minimally the same. First, privilege must apply to local IP advisers. Second, it must extend to all those involved in giving instructions for advice and in giving the advice. As to those giving advice, it has to extend to anyone giving IP advice who is qualified in that country to do so and third parties (like experts) who contribute to the advice which is given. Third, it must extend to overseas IP advisers whose advice is sought in relation to the local position including national and international aspects of that position.

1.5 The chain of protection of privilege from one country to the next (like all chains) is only as strong as its weakest link. The implications of weak links or even missing ones in the chain of protection of privilege around the world, is negative for the efficiency of trade in products, processes and methods of use that are the subject of IPR.

The Solution

1.6 AIPPI submits that the solution to the problem described above is a treaty specifying minimum standards for the protection of communications to or from IP advisers, in essence as follows.

> A communication to or from an intellectual property adviser which is made in relation to intellectual property advice, and any document or other record made in relation to intellectual property advice, shall be confidential to the person for whom the communication is made and shall be protected from disclosure to third parties, unless it has been disclosed with the authority of that person.

The subject of the treaty which AIPPI proposes is set out in more detail in Section 5 below.

2. The issue of privilege applying to communications to and from intellectual property advisers

2.1 The obtaining and maintenance of IPR globally involves advice from IP advisers from country to country. The enforcement of IPR from country to country brings owners of IPR up against several issues in this context. **Firstly**, an issue arises whether they can obtain advice from IP advisers which by local law will remain confidential to the owners unless the person by whom the advice is obtained, choses to publish it. **Secondly**, an issue arises whether privilege will be lost because of the differences between the recognition of privilege in one country and another as described in paragraph 1.2 above. **Thirdly**, the privilege which is applied locally may not extend to all categories of intellectual property advisers who may become involved in giving advice on the same subject transnationally. Thus, for example, a US patent agent (not a lawyer) who comments in writing to the same patentee in the US and Australia on Australian legal advice, may cause the loss of privilege in Australia.

2.2 Further, some countries recognise legal professional privilege locally and with some qualifications, also in respect of legal advice by overseas lawyers. However, when it comes to patent attorney advice, whilst privilege is recognised for those who are qualified locally, privilege does not apply to communications with patent attorneys overseas who are not also lawyers. This applies in Australia for example.

2.3 The lack of uniformity of protection of privilege is widespread, including the fact that in some countries privilege is not recognised at all (which does not apply in Australia). The situation is no better in some countries where there is uncertainty about whether privilege will be recognised either locally or transnationally.

2.4 The principle underlying the recognition of professional advice privilege is that those seeking the advice should provide those giving the advice with all the information they have that could be relevant to the giving of the best advice. This means, of course, that everything which is known for or against the legal position which is being considered, should be openly provided to the adviser. For the adviser's part, the adviser should be able to be completely frank with the person advised. If the cross-flow of such information (instructions from one side and advice from the other) is restricted because it will, in effect, be at risk of being published, both the process of instructing the adviser and of the adviser giving advice itself, are affected adversely. This is true, of course, whether the restriction is caused by failure to recognise privilege either locally or transnationally. There is therefore a strong need to have privilege applicable in all relevant countries and as between them.

2.5 Recognition of the potential for instructions and advice to be compromised by being published, can in effect be a barrier to trade. This is because owners of IPR may decide that it is not practical to enforce IPR where the consequences of doing so may be that their instructions and advice get published and used against them whether locally or internationally.

2.6 The need for a universal minimum standard of privilege which is to apply locally and as between countries is urgent. There should be minimum standards for protection of privilege wherever IPR might need to be enforced. Obviously enough, there is no point in providing for the recognition of IPR in the first place if there is not also to be a viable process for their protection. The process for protection of IPR is at best compromised if privilege does not apply locally in each of the countries where trade based on the IPR occurs. At worst, the process of protecting IPR and the trade in which that IPR is implicated, may be deemed by the owner of the IPR to be not worth pursuing.

3. AIPPI Q163

The Resolution and Report

3.1 The AIPPI Special Committee Q163 was set up to investigate whether legal attorney-client privilege applied to communications between patent and trade mark attorneys and their clients. We note that this is a narrower category of IP advisers than the category to which the problem we are dealing with now relates. The category of IP advisers dealt with by Q163 is nonetheless a substantial part of the one we are dealing with now.

3.2 In its preliminary work (an informal analysis of privilege in some major countries), the Committee found that there is considerable variation internationally in the treatment of privilege. It noted that there were a number of major factors influencing the type of protection available to patent and trade mark attorneys, including the following.

(a) The availability of discovery or forced disclosure in the jurisdiction.

(b) The status of the patent or trade mark professional in the jurisdiction.

(c) The common law/civil law tradition of the jurisdiction.

(d) The imposition of criminal penalties on patent or trade mark attorneys who reveal their client's confidential information.

3.3 The Committee made some general findings as follows.

(a) Some countries recognise that attorney-client privilege extends to patent and trade mark attorneys: for example, the United Kingdom, United States, Germany.

(b) Some countries do not recognise privilege between patent and trade mark attorneys and their clients: for example, France, Italy, Korea.

(c) In some countries the question is unclear, and legislation/rule changes to clarify that such privilege exists have been proposed: for example, Japan.[1]

(d) In some countries protection of patent attorney communications takes another form or has additional protection, that is, it is a crime or violation of professional obligation rule for a patent or trade mark attorney to disclose a clients' confidences: for example, Japan, United States.

3.4 The Committee concluded that the issue of patent and trade mark attorney privilege is a 'real and serious issue' for clients with intellectual property in multiple jurisdictions. It noted as follows.

(a) The role of the patent and trade mark attorney, regardless of whether he or she is also qualified as an attorney at law, is an important one and is becoming increasingly important.

(b) Clients reasonably expect that their communications with their local and international patent attorneys will be treated, with respect to privilege, in the same way as communications between clients and the attorneys at law.

(c) The overall intellectual property system will benefit from this form of privilege because it encourages full and timely disclosure between clients and their patent and trade mark attorneys.

The preliminary report of Q163 was considered by the EXCO of AIPPI at Lisbon in March 2003. That report is Appendix 1 to this Submission.

3.5 Subsequently, the members of 22 National Groups of AIPPI reported formally on the issue of attorney-client privilege and the patent and/or trade mark attorney professions. The Reports of 19 of the National Groups (those that are available on the website), are Appendix 2 to this submission.

3.6 The Reports of National Groups in Q163 were dealt with in the Reporter-General's Report to the members of AIPPI. The Report was considered by the EXCO of AIPPI at Lucerne in 2003. The Report is Appendix 3 to this Submission.

3.7 On the basis of the report, AIPPI passed a Resolution at Lucerne in 2003, the essence of which is as follows.

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[1] Subsequently Japan has introduced statutory protection for patent and trade mark attorneys under articles 197 and 220 of the *Civil Proceedings Act 1998*.

> That AIPPI supports the provision throughout all of the national jurisdictions of rules of professional practice and/or laws which recognise that the protections and obligations of the attorney client privilege should apply with the same force and effect to confidential communications between patent and trademark attorneys, whether or not qualified as attorneys at law (as well as agents admitted or licensed to practice before their local or regional patent and trademark offices), and their clients, regardless of whether the substance of the communication may involve legal or technical subject matter.

The full Resolution of Q163 is Appendix 4 to this Submission.

3.8 The crux of the AIPPI resolution is that patent and trademark attorneys should be afforded the same level of protection as communications between legal attorneys and their clients.

Limitations of the AIPPI Q163 Resolution

3.9 We have noted in paragraph 3.1 above that this Resolution applied to patent and trade mark attorneys, a narrower category of intellectual property advisers than the category to which the problem addressed by this submission applies.

3.10 As well, the Resolution of Q163 does not deal with the problem caused by the lack of harmony between countries. As the Australian example shows (see the following Section), it is not enough for the due protection of privilege internationally that the law is adequate within a particular country. For example, as previously cited in paragraph 2.1, privilege which is protected in Australia for some intellectual property can be lost in the United States by disclosure to an IP adviser there to whom the protection in Australia does not extend.

4. An example of the problem of inadequate protection of privilege as to intellectual property advice – the Australian experience

4.1 The Australian experience is a particular example of the problem, as follows.

Legal professional privilege

4.2 The protection of communications between clients and their legal practitioners is one of the many characteristics of English law that was imported into the Australian legal system under the common law. This privilege is known in Australia as 'legal professional privilege'. Under the broad umbrella of legal professional privilege, communications to and from a client and lawyer will be protected where the communications are created for the dominant purpose of giving or receiving legal advice (***advice privilege***) or created for the dominant purpose of preparing for actual or anticipated legal or administrative proceedings (***litigation privilege***). In some jurisdictions of Australia, these forms of privilege have been partially codified by legislation.[2]

4.3 In Australia, legal professional privilege is a rule of substantive law based on the need to promote the public interest in the due administration of justice by encouraging full and frank

[2] See sections 118 and 119 of the *Evidence Act 1995* (Cth), which applies to proceedings in the ACT and Federal Court. See also sections 118 and 119 of the *Evidence Act 1995* (NSW).

disclosure between clients and their lawyers (see *Daniels Corporation International Pty Ltd v ACCC* (2002) 192 ALR 561).

4.4 In addition to communications between clients and their lawyers, legal professional privilege has been extended to communications by agents for the dominant purpose of the provision of legal advice between a client and their lawyer (see *Australian Rugby Union Ltd v Hospitality Group Pty Ltd* (1999) 165 ALR 253), and to documents generated by third parties for the same purpose (see *Pratt Holdings Pty Ltd v Commissioner of Taxation* [2004] FCAFC 122).

4.5 In the recent case of *Kennedy v Wallace* (2004) 213 ALR 108, advice privilege was held to extend to communications between a client and its foreign legal representative. It should be noted that these decisions have not been confirmed by the highest court of appeal in Australia, the High Court, and may therefore be overturned or modified by later decisions. This is an undesirable uncertainty.

Patent attorney privilege

4.6 In Australia, communications between patent attorneys and their clients are not protected under the common law by privilege analogous to legal professional privilege (see Heerey J in *Eli Lilly & Company v Pfizer Ireland Pharmaceuticals (No 3)* [2004] FCA 185 citing *Wilden Pump Engineering Co v Funfield* [1985] FSR 159). However, a limited form of statutory privilege attaches to communications between patent attorneys and their clients. Section 200(2) of the *Patents Act 1990* (Cth) (***Patents Act***) states:

> A communication between a registered patent attorney and the attorney's client in intellectual property matters, and any record or document made for the purposes of such a communication, are privileged to the same extent as a communication between a solicitor and his or her client.

'Intellectual property matters' are defined as matters relating to patents, trade marks or designs, or other related matters. A 'registered patent attorney' is defined as patent attorney registered under the Act.

Trade mark attorney privilege

4.7 Section 229 of the *Trade Marks Act 1995* (Cth) provides protection for trade mark attorneys in identical terms.

The problem in Australia

4.8 **First**, because sections 200(2) of the *Patents Act* and 229 of the *Trade Marks Act* only apply to patent and trade mark attorneys registered under the respective acts (that is, Australian patent and trade mark attorneys), privilege does not apply to communications with foreign patent or trade mark attorneys. This interpretation of section 200(2) of the *Patents Act* was confirmed in the recent case of *Eli Lilly v Pfizer Ireland Pharmaceuticals (No 3)* [2004] FCA 1085. **Second**, the wording of the sections applying both to patent attorneys and trade mark attorneys, excludes from protection communications between patent and trade mark attorneys and third parties. The same communications by a lawyer

with a third party would be subject to legal professional privilege if the communications were for the dominant purpose of legal advice and were made to or by a lawyer.

4.9 The Intellectual Property Committee (IPC) of the Law Council of Australia has proposed to the Australian government that the *Patents Act* be amended to address these two problems. The IPC submission which fully explains the shortcomings of the current Section 200(2) of the *Patents Act* is Appendix 5 of this submission. Section 200(2) as proposed by IPC would be as follows.

> A communication to or from a registered patent attorney or a patent attorney or patent agent of another country in intellectual property matters, and any record or document made for the purposes of such a communication, are privileged as at the date at which privilege is claimed, to the same extent as a communication to or from a legal practitioner.

This addresses two problems – **first**, that privilege would extend to communications with foreign patent or trade mark attorneys and **secondly**, communications with a third party are not excluded from privilege.

4.10 However, this proposal will not (if adopted) completely solve the problem in Australia. IP owners will still be disadvantaged by inadequacies in protection in other jurisdictions. While communications with local and foreign patent and trade mark attorneys will be privileged in Australian proceedings, the same communications made to attorneys in other jurisdictions where privilege does not apply, will obviously not be privileged in those places. Further, if by reason of the loss of privilege of those places, the communications are forced to be disclosed in public, privilege will be lost in Australia. Loss of confidentiality caused by disclosure of what would otherwise have been privileged elsewhere, means loss of privilege everywhere because the maintenance of privilege depends upon the maintenance of confidentiality. These difficulties can only be resolved by treaty.

5. The solution

5.1 The Australian experience demonstrates that even if the law is made adequate within Australia to provide privilege which covers both local and overseas patent and trade mark attorneys, the Achilles heel remains that privilege in Australia may be lost through non-recognition of privilege in another country which causes the subject matter which is privileged in Australia to be published.

5.2 Therefore, AIPPI submits that the making (including subsequent implementation) of a treaty prescribing minimum standards of privilege which are to apply to communications relating to advice given by IP advisers, is required. The protection of privilege in one country must be extended by that country to an IP adviser in any other country. This requirement is to avoid the problem of the local law not applying privilege to overseas IP advice dealing with the same or an equivalent IP subject as local advice does. IP advice given in such circumstances is a frequent requirement for owners of IP around the world. Accordingly, local law needs to recognise the role which overseas IP advisers have and frequently exercise in assisting local ones with the subjects of IP with which they are dealing.

5.3 Consistent with the Resolution of the Committee of AIPPI Q163, the privilege should also cover the following matters.

(a) The privilege should cover all communications between attorney and client arising out of the professional relationship.

(b) The privilege should cover technical and legal matters.

(c) The privilege should cover responses to patent or trade mark office actions, to the extent that such information is not publicly available.

(d) The privilege should extend to patent attorneys and agents alike, irrespective of whether they are permitted or qualified to appear before the court.

5.4 Further, it seems right that the privilege should extend to cover communications made (in confidence) with third parties in relation to the advice of IP advisers on IPR.

5.5 Accordingly, AIPPI proposes that the treaty be in the following form.

Recognising as follows

1. Intellectual property rights (IPR) exist globally and are supported by treaties and national law: global trade requires and is supported by IPR.

2. IPR need to be enforceable in each country involved in trade in goods and services supported by those IPR, first by law and secondly by courts which apply due process.

3. Persons need to be able to obtain advice in confidence on IPR from IP advisers nationally and transnationally, and therefore communications to and from such advisers and documents or other records relating to such advising need to be confidential (privileged) to the persons so advised unless and until they voluntarily make such communications, documents or other records public.

4. The underlying rationale for the protection of the confidentiality of such communications, documents or other records is to promote full and frank disclosure between IP advisers the persons so advised and third parties which either of them may consult in relation to the advice on IPR.

5. Failure to support confidentiality in such communications documents or other records within particular countries, and the failure in particular countries to extend privilege to IP advice given by IP advisers in other countries, can cause or allow advice on IPR by IP advisers to be published and thus privilege in that advice to be lost everywhere.

6. The adverse consequences of such loss of privilege include owners of IPR deciding not to enforce IPR where the consequences of doing so may be that their instructions and IP advice get published and used against them both locally and internationally.

7. At best, the consequences of loss of privilege or the potential for loss of privilege are negative for the obtaining of advice by those who need advice on IPR and, at worst, they are negative for trade in goods or services related to the IPR and thus, in effect, they are a barrier to trade.

8. Laws need to be adopted nationally applying minimum standards for the protection of privilege in communications to and from IP advisers in relation to advice on IPR

(including other parties consulted in relation to the giving of that advice), and such laws should also give effect to privilege for communications relating to IPR to and from national and overseas IP advisers, including documents and other records relating to those communications.

Accordingly Members hereby agree as follows

Each Member State shall adopt laws giving effect to the due observance in that Member State of the following minimum standard for the protection of privilege in relation to communications with intellectual property advisers.

A communication to or from an intellectual property adviser which is made in relation to intellectual property advice, and any document or other record made in relation to intellectual property advice, shall be confidential to the person for whom the communication is made and shall be protected from disclosure to third parties, unless it has been disclosed with the authority of that person.

'***intellectual property advice***' is information provided by an intellectual property adviser in relation to intellectual property rights.

'***intellectual property adviser***' means a lawyer, patent attorney or patent agent, or trade mark attorney or trade mark agent, or other person legally qualified in the country where the advice is given, to give that advice.

'***intellectual property rights***' includes any matters relating to such rights.

List of Appendices to this Submission

Appendix 1 – The Preliminary Report of AIPPI Q163

Appendix 2 – The Reports of National Groups of AIPPI on Q163 Attorney-Client Privilege and the patent and/or Trademark Attorneys profession

Appendix 3 – The Report of Q163 Attorney-Client Privilege and the patent and/or Trademark Attorneys profession

Appendix 4 – Resolution of Q163 Attorney-Client Privilege and the Patent and/or Trademark Attorneys Profession

Appendix 5 – The Submission of the Law Council of Australia to IP Australia on the need to amend Australian law on the recognition of privilege under the *Patents Act 1990*.