

## **Conference on Client Privilege in Intellectual Property Professional Advice (*CPIPPA*)**

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### **Prospects for improvement: What are the options? Part II**

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## Prospects for improvement: What are the options? Part II

This paper logically follows the paper “Prospects for improvement: What are the options? Part I” by Michael Dowling.

### **Preamble – FICPI and privilege**

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FICPI is an international organisation having more than 4000 members in more than 80 countries.

Quite specifically at an international scale, FICPI's membership is focused on industrial property attorneys working in private practice. According to FICPI's Guidelines for Admission, an industrial property attorney is a practitioner specialising IP matters and having the right to represent an applicant before the authority responsible for granting an IP right, and where such exists, who has passed a recognized qualifying examination for that country administered either by the Government or a professional body.

By "private practice" is meant the rendering of services in an independent manner, either individually or through a firm with which the practitioner is associated, exclusively to the general public, for advising, assisting, or representing clients with a view to obtaining, maintaining, exploiting or defending IP rights.

FICPI therefore represents the independent profession of industrial property attorneys at the international level, and as such stands for a fundamental part of the intellectual property system in an international context.

FICPI's Executive Committee meetings take place every 6-8 months, and World Congresses are held every three years. During each of these meetings, resolutions and position papers are adopted/ratified and passed to national governments and IP authorities worldwide.

In June 2000, FICPI World Congress passed a resolution (appendix A) *“urging appropriate authorities in countries or regions which do not now afford such protection to amend their laws as necessary to provide legal professional privilege in relation to communications between a client and a registered Intellectual Property Practitioner or practitioners who are members of an accredited professional association, and urging that all countries should recognize the legal professional privilege that exists in other countries”*.

This was probably one of the first times that mutual recognition of attorney-client privilege was found as desirable at the level of the IP profession.

This resolution came out from an extensive study of the regimes of the national IP professions in major countries that was initiated by FICPI in 1987 (the “Kirby report”) and pursued by Malcolm Royal from Australia in 1994 and then in 2000, which led to a recommendation that privilege for IP

practitioners should be harmonized at an international level, and made equal to the privilege that clients benefit in their relations with general lawyers.

Then at its World Congress in Berlin in 2003, FICPI assed another resolution (appendix B) seeking:

- 1) *That the existence of qualified professional representatives in all countries of the world should be a strategic goal for governments to make available to local industry quality professional advice for the understanding and management of IP issues;*
- 2) *That (...) professional representatives should be required to pass a qualifying examination on national, regional and international law in the relevant field of IP rights before being admitted to practice in that field in a particular country;*
- 3) *(...)*
- 4) *That a qualified professional representative should operate under a protected title recognised as such in any particular country;*
- 5) *That a client should enjoy client-attorney/agent professional privilege in connection with any direct or indirect communication with a professional representative in his own country or another; (...).*

This resolution, although focussing on the existence of a qualified IP profession worldwide, repeated the need to achieve privilege between client and IP professional at an international level.

From there, it is easy to understand that FICPI has very much welcomed the invitation of WIPO to actively participate to this conference, and is keen to share ideas with sister organization AIPPI to support the adoption of an initiative by WIPO and member states in favour of a treaty on privilege for IP practitioners.

## **1. The nature and meaning of 'privilege'**

While confidentiality is generally perceived as a duty, privilege is a right.

In this context, it is the right of a person to validly oppose a request from an authority or other party to disclose any communication between that person and that person's IP adviser relating to IP advice. Thus information in such communications is said to be 'privileged' i.e. against forced disclosure.

There are two major distinctions here.

As already explained during this conference, common law countries generally have a 'discovery' process by which a court can order parties to disclose any information that can have an impact on the outcome of litigation. In these countries particularly, privilege is a counterweight to the discovery process, as it allows clients and legal advisers to discuss frankly and completely on legal

issues the client may have, knowing that the corresponding exchange of information will be protected from court inquiry.

In Civil law countries, the principle is that every party to a dispute brings any useful evidence available to him and the court most often does not order to communicate more (although in many judicial systems the courts would be entitled to do so). In these countries, historically there has been less of a need for privilege.

Therefore, loss of privilege issues have mainly arisen in Common law countries, and we now have extensive case law from Australia, Canada and the US, which led to the concerns we are sharing today.

However, our world is in perpetual change and Directive 2004/48/EC from the European Commission now provides in every member state of the European Union a “right of information” which allows a court to order that information about the origin and distribution networks of infringing or counterfeiting products, and it is expectable that many civil law European countries will face in the near future privilege issues, and esp. comity of privilege issues where infringement at an international scale is at stake.

The definition of ‘privilege’ in any treaty or cross-border legislation should therefore make it clear that privilege is not merely the duty of IP professionals to keep information exchange with their clients secret (which by law is today more or less generalized), but a right to resist requests from any authorities (typically courts) or other parties to disclose communications between a person and that person’s IP adviser, on IP advice relating to the matter on which disclosure is sought.

The French example is in this regard quite explanatory: before 2004 the French Intellectual property code provided that French IP attorneys had a duty of ‘professional secrecy’ regarding exchanges with their clients, but explicitly stated: ‘Professional secrecy is not opposable to persons legally entitled to perform judiciary, administrative or customs inquiries, not to jurisdictions’.

The obligation of secrecy can be therefore disconnected from privilege.

(This exception to secrecy was removed from the French law in 2004).

Another aspect that may impact the definition of ‘privilege’ is that – as all member states will probably agree – privilege should not be used to hide illegal activities such as criminal money laundering activities (which interconnections with counterfeiting are nowadays growing).

Counterfeiting is nowadays a recognized branch of ‘organized crime’, and it seems obvious that any treaty or national law should remain compatible with all possibilities of investigation about such activities (or even the obligation by lawyers to disclose such illicit activities to authorities, as existing in certain countries).

However, it should probably not be the role of a treaty to address such issues, for two reasons:

- as Michael Dowling mentioned, the process of drafting and agreeing on a treaty should not be made complex with definitions that need some 'test' with the related undesirable sidings,
- criminal matters in general remain issues of national sovereignty that will be desirably fully addressed, and continued to be addressed, by national criminal law.

## **2. The scope of that 'privilege'**

### *a) What type of information*

There could be many definitions of what kind of information should be covered by privilege and what kind should not.

A first definition, having the advantage of simplicity but probably excessively broad, would be to recite that 'all information exchanged between client and IP adviser is covered by privilege'.

If a more limited language is sought, it has been seen that that the various advices provided by an IP adviser can be roughly classified in the following categories:

- (a) Preliminary advice as to whether to seek IP protection or not (patentability studies, availability of a trademark, etc.)
- (b) IP prosecution before administrations, mainly IP national and regional offices
- (c) Advice on infringement/right to use, etc., whether as such or in anticipation of litigation, and advice during litigation.
- (d) Employer/employee relationship in particular for inventors and software program designers, and more generally ownership issues
- (e) Advice in the general frame of relationship with third parties where IP rights or potential rights are involved (IP transfer, licensing, joint R&D, litigation settlement, etc.)
- (f) Advice on related questions (tax aspects of IP, due diligence, IP portfolio audit, etc.)

Since EPC 2000 entered into force, European Patent Attorneys, whether in-house or in private practice, do benefit from privilege *'in particular ... for the assessment of the patentability of an invention, and for the preparation or prosecution of a European patent application'*.

This roughly covers categories (a) and (b) for the specific case of European patent prosecution, and there is no objective reason that a treaty should not cover these activities for any kind of IP in any country, whether or not title has to be formally applied for before an office.

Category (c) is the essence of opinion and litigation work by IP practitioners.

Concerning litigation per se, in some countries, IP practitioners have some right of representation before courts, and they should benefit from privilege just like general lawyers.

In other countries, IP practitioners do not have a right of representation, and most often make up a working force together with a general lawyer, e.g. at minimum to provide technically oriented arguments and advice in patent cases.

There is no reason why a client should not benefit from the privilege in communication to or from such team. Here again, the positive reasons for such benefit include full and frank disclosure of information, getting correct advice, and getting the law enforced.

Finally, activities falling under categories (d) to (f) belong to everyday life in IP advice, and again the client should have the benefit from privilege when seeking advice from a qualified professional.

Of course, privilege should not be used as a right to conceal every piece of information needed for the full assessment of the case by a court.

In other words, providing all possible information to an adviser to then have it labelled 'privileged' and therefore undiscoverable is not a reasonable use of privilege, I expect most will agree.

And it has just explained that a test such as the 'for the dominant purpose of legal advice' test might not be appropriate for a treaty or laws, because of the undesirable sidings it would create. However, if the communication in question relates to IP advice on or in relation to the subject in dispute, arguably that would be a fair, reasonable and practically usable standard, less likely to cause an expensive siding.

There may be a need make a distinction between information provided by the client to his adviser, and information provided by the adviser to the client.

Concerning the second category, it could be reasonably sustained that all such information is to be covered by privilege, because it is advice by nature.

Concerning the first category, the borderline is extremely difficult to draw.

A simple but typical example is when a manufacturing process is provided to the adviser by the client to allow the adviser to give an opinion on whether such process is covered or not by a third party patent. This is information clearly provided in close association with seeking advice.

At the same time, this information will be material to the assessment of patent infringement by a court, and should of course be discoverable in common law countries, while possibly covered by a protective or secrecy order if it is justified as secret know-how.

In civil law countries, although again the judge could order the defendant to provide the information about his process (although he rarely does so), and the reversal of the burden or the proof (i.e. the defendant shows it performs a process different from the patented one) is available in certain circumstances.

But in this case, we can easily see that the 'recipe' is a piece of information that most probably was pre-existent at the client side before seeking advice. Therefore it was not specially prepared by the client for obtaining advice, and – quite reasonably – will be discoverable as such as available at the client independently from the exchange with the IP adviser for advice purposes.

This might suggest that the privilege could cover information specifically 'generated', 'created', 'prepared' (or other similar wording) by the client for his adviser when seeking advice, but not other information, especially information such as technical information that pre-existed to the client-adviser exchanges.

### **3. The qualifications of 'IP advisers' in relation to whom the requisite 'privilege' of the client would need to arise**

a) Everyone will recognize that privilege cannot be gained by merely seeking advice to any outside counsel, esp. not having appropriate skills and independence to answer the questions.

As mentioned by Michael Dowling, no lesson can be easily drawn from the privilege rules existing for general law practitioners, whether they are called 'attorneys at law', 'lawyers', 'barristers', 'solicitors', 'rechtanwälte', 'avocats', 'abogados', etc.

However, realistically, IP is a complex field where adequate level of skills, qualification and training are needed for professionals to properly operate, even requiring a high level mixture of both technical and legal aspects for patent matters. Nobody can easily improvise himself as IP adviser, as it may be the case in other fields of business.

Another relevant situation to consider is that when a professional in one country needs, on behalf of his client, advice in another country, he will spontaneously seek the best qualified people in that other country for providing the advice, merely because he will be at least partially responsible for what these people say.

In this regard, 'legally qualified' may be understood as having different meanings:

- It can merely indicate that people, although not recognized by any qualifying examination or other formal requirement for accessing the IP adviser profession, and/or not designated by a protected title, are admitted or recognized by the authorities as 'competent' for IP advice,
- it can designate, in those countries where a qualification scheme exists, people who have gone through that scheme,
- it can also designate, in those countries where rights of representation are reserved to a specific population (regulated profession/activities), the people having these particular rights of representation,

Of course, other adjectives might be devised for designating such professionals while being compatible to the wide varieties of national situations. But overall, it seems that the term 'legally qualified' is well appropriate to cope with the various situations in different countries.

b) In addition, this language does not per se exclude in-house professionals (such as in-house European Patent Attorneys).

FICPI, as an organization of qualified and independent private practitioners, has naturally focussed on the recognition of privilege for its members, and believes that there is now urgency to take measures at an international level.

However, the case law still has to be clarified, especially at the European level, concerning the required independence of in-house advisers, and in our mind the drafting of a treaty should leave this question open, otherwise it is expected that undesirable delays will occur.

c) Another issue is whether an IP adviser in a country A and providing advice to a client in a different country B should be held as passing the 'legally qualified' test under the rules/practice of country A or country B.

The way the AIPPI proposal is drafted (i.e. the country A test should be used) seems to be the most appropriate to have a simple and straightforward application of the rule.

d) In real life, a duly qualified IP adviser might need to be assisted by other professionals such as technical experts, accountants, tax specialists or others, in order to fully provide the requested advice, and the best possible advice.

Most often, these professionals will be third parties, hired for the occasion.

This of course should not lead to a loss of privilege, but it seems reasonable to put some basic constraints.

The first constraint is that these professionals should be, by law or by specific agreement, bound to confidentiality, and made aware of the privilege.

The second constraint is that they should be independent from the client, in the meaning that they should not have past, current or future interests in relation to the client in its large meaning.

Other possible constraints might be:

- to prove or to be able to prove that the assistance of these professionals was necessary for providing the requested advice,
- to have the specific agreement of the client.
- to identify them in the advice, etc.

Anyhow, any law or treaty should not include language that would prevent such possibility of third party professional assistance as necessary to provide the advice.

#### **4. The ‘person’ benefiting from the privilege**

As we have seen, the privilege should allow a ‘person’ who has exchanged information with a legally qualified IP adviser for in relation with obtaining legal advice.

This person will typically be the company or physical person who is the ‘client’ of the IP practitioner in the common definition thereof, the privilege being commonly designated as ‘attorney-client privilege’.

A very common and practical issue may be that information received from the IP practitioner is liable to be passed to a variety of persons both inside and outside the company.

These can be persons in subsidiaries or sister companies of the client, subcontractors, suppliers, customers, external experts, a licensee or potential licensee, etc.

As one essential purpose of privilege is to obtain frank and objective advice from an independent professional on a given IP-related legal situation, risk, etc. it should be desirable that that such advice be shared to some extent with the concerned persons without incurring loss of privilege.

A possible route to cover such situations would be to state that privilege should not be broken by extending the exchanges between client and IP practitioner to other persons that have valuable reasons to access the information, provided that the client has taken all reasonable measures so that the shared information is not disseminated to persons outside the circle.

Such measures would be a sign that the client did not intend to waive its privilege.

Although this will probably not be addressed in a national law or a treaty, any such law or treaty should be drafted so as not to strictly limit the privilege to the very person, corporate or physical, which effectively was in relation with the IP adviser.

More preferably, best practices at the corporate level should develop so as to avoid any mishandling of information presumably covered by privilege, leading to a possible accidental loss of privilege.

#### **5. The authorities to which privilege can be opposed, and timing issues**

Privilege is a right of the client with respect to a given authority, most often a court entrusted with an IP case. In other words, privilege as granted by a law or other legal provision does not necessarily have an absolute effect.

A significant example is the privilege benefiting to clients of European Patent Attorneys.

This privilege is useful and opposable only *“in proceedings before the European Patent Office”* (cf. rule 153 EPC 2000).

This means that, although European Patent Attorneys are nowadays held as covered by privilege, the EPC 2000 provisions do not prevent a court, e.g. a court entrusted with a patent litigation based on a European patent, to access information that was not accessible within the frame of patent prosecution before the European Patent Office.

It is clear however that privilege will fulfil its function only if it is opposable to every authority, whether administrative, governmental or judicial, having to deal with IP matters for which advice is needed by clients.

Whether that should be stated in a treaty by way of clarification or not is a matter for consideration in the detail of the treaty. However, here again it is believed that any proposal for a treaty should remain simple, and that the above principle will impliedly be applicable although national practices might find exceptions (cf. for instance criminal investigations for mass counterfeiting).

Another issue about privilege is whether it should be time-related.

Taking again the example of European Patent attorneys, should the privilege disappear once the prosecution before the European Patent Office is closed?

Again, any legal provision should avoid the risk of being interpreted as giving to the privilege a limited duration.

A classical example, in patent litigation is to refer back to the exchanges between inventor and patent attorney at the time of assessment of patentability, drafting of the application and responding to office actions. Even 20 years later (and even this was an activity purely related to patent office practice), this should still fully benefit from privilege provided other conditions for privilege are met.

## **Conclusion**

Much like AIPPI, our organization does not pretend to substitute to WIPO and member states for dealing with a treaty and with its language.

However, I hope that some of the concerns expressed in this talk, closely inspired by situations and issues commonly raised in real life of IP professionals, will stay somewhere in the mind of law and treaty makers.

There are some icebergs on the route, and a treaty should be the straightest route past them.

Again, FICPI wants to express its thanks to WIPO and AIPPI for having been actively involved in this conference, and looks forward to further contribute to the process by the same ways it has been using for decades in terms of law making at the international level.

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