



International Chamber of Commerce  
*The world business organization*



INTERNATIONAL CHAMBER OF COMMERCE



Prepared by ICC Commission on  
**Intellectual Property** ■

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## Client-attorney privilege in intellectual property matters: additional observations

Submission relating to WIPO Secretariat paper SCP/13/4

### Highlights

- The nature of the problem
- Privilege v professional secrecy
- Relationship with prior art
- Consistency with the Paris Convention

# Client-attorney privilege in intellectual property matters: additional observations

## Background

1. ICC is responding to WIPO's invitation to comment on the Secretariat's paper SCP/13/4 and the discussion thereof at the meeting of Standing Committee on Patents (SCP) in Geneva on 23 to 27 March 2009.

2. ICC confirms its continuing supporting for action by WIPO in this area (see ICC position paper 450/1040 of 9 October 2008.<sup>1</sup>)

3. ICC sent observers to the March 2009 SCP meeting, and we have read with care the draft report of that meeting SCP/13/8 Prov. dated 28 May 2009.

4. First, ICC is glad to note that the overwhelming majority of the delegates recognised the existence of a problem in relation to client-attorney privilege in intellectual property matters. ICC was particularly impressed by the clear understanding of German delegate speaking on behalf of Group B (para 187 of SCP/13/8 Prov.):

"Although IP law might not be the only context in which [problems with privilege] could arise, the global nature of trade and IPR made it the focal point."

5. However, several delegations, although generally aware that there was a problem, understandably seemed to find the subject new and difficult to understand. **Our main aim in this paper is to assist WIPO in reassuring such delegations of the nature of the problem and, most importantly, on the feasibility of an international instrument as a solution to the problem.** We begin by setting out the problem as simply as possible, and then proceed to answer the questions which such delegations seem to us to be asking.

## The problem to be solved

6. In common-law countries (*ie* those countries whose legal systems are derived from the English legal system, most notably the United States), each party to a litigation is, *as a matter of normal procedure*, ordered by the Court to disclose to the other party or parties information in its possession which may be relevant to the case. As a result, each party routinely discloses documents and electronic records some of which may be potentially damaging to its own case and helpful to the case of its opponent(s). This procedure is called "discovery". To a first approximation, civil-law countries do not have discovery, as was noted for instance by the French delegation (paragraph 197 of SCP/13/8 Prov.).

7. Recognising that discovery of communications between legal advisers and clients would discourage clients from seeking legal advice, Courts in common-law countries make an exception to discovery for such communications, this exception being called "privilege". For instance, in USA communications between clients with all US attorneys may be privileged, and also with US patent

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<sup>1</sup>

[http://www.iccwbo.org/uploadedFiles/ICC/policy/intellectual\\_property/Statements/Client%20Privilege%20in%20IP%20advice.pdf](http://www.iccwbo.org/uploadedFiles/ICC/policy/intellectual_property/Statements/Client%20Privilege%20in%20IP%20advice.pdf).

agents. In UK, communications with solicitors, barristers, patent attorneys, and trade mark attorneys may be privileged.

8. Unfortunately, the law of privilege in common-law countries applies clearly only to communications between *local* legal advisers and their clients. This is a major problem for litigants in intellectual property disputes because of their unusually international character and because of the close similarity between intellectual property laws of different countries. The Court in one common-law country may well *not* privilege a communication between a client and a legal adviser in another common-law country, even though it is privileged before the Courts in the other country. The Court of a common-law country may well *not* privilege a communication between a client and a legal adviser in a civil-law country, even though such communications would never be disclosed in the civil-law country because there is no discovery there.

9. Fuller detail of these problems was given in the previous ICC position paper 450/1040 of 9 October 2008 at paragraphs 3 to 21.

### **Questions asked by delegations to the March 2009 SCP meeting**

10. We believe that the key questions were as follows:-

(a) How does privilege in common-law countries differ from professional secrecy in civil-law countries?

(b) Would an international instrument on privilege lead, in patent cases, to patentees' concealment of relevant prior art from Patent Offices and Courts, thereby affecting patent quality and competition?

(c) Should extensive research country by country of privilege and professional secrecy precede the drafting of an international instrument?

(d) Would an international instrument be inconsistent with Article 2(3) of the Paris Convention?

(e) Would an international instrument affect costs?

### **ICC's answers to these questions**

#### **Question (a): How does privilege in common-law countries differ from professional secrecy in civil-law countries?**

11. Professional secrecy exists in common-law countries as it does in civil-law countries. Non-legal professionals such as doctors, nurses, accountants, and surveyors are under an obligation to keep their clients' affairs secret, and can be punished if they fail to do so. However, in a common-law country a party to a litigation<sup>2</sup> may be ordered by the Court to disclose communications with a *non-legal* professional; the party to the proceeding (the client) must acquiesce or lose his case. If the professional provides information, it is at the request of his client who wishes to comply with the Court order and therefore there is no breach of his obligation of professional secrecy. A *legal* professional has the same duty of professional secrecy as a non-legal professional; *but* the Court does *not* have

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<sup>2</sup> Here, and throughout this paper, it is assumed that the litigation is between private parties rather than a criminal prosecution by the State.

the power to order disclosure of communications between him and the client if privilege applies to the communication.

12. It will therefore be seen that there is no fundamental difference between professional secrecy in common-law countries and professional secrecy in civil-law countries (professional secrecy being an obligation on the adviser). *Privilege is a separate matter*; privilege is a *right of the client* in a common-law country to withhold details of confidential communications with a legal adviser (but not confidential communications with other persons) without losing his case as a result.

**Question (b): Would an international instrument on privilege lead, in patent cases, to patentees' concealment of relevant prior art from Patent Offices and Courts, thereby affecting patent quality and competition?**

13. **The answer to question (b) is "NO"**. In some countries, Patent Offices require an applicant for a patent to disclose prior art that may be relevant for the examination of the application, and Court procedures require a patentee alleging infringement to disclose prior art likewise, with penalties being imposed for failure to do this. This obligation, if it exists, continues to exist (as it does in particular in USA) regardless of what communications occur between the applicant or patentee and his legal advisers and regardless of whether the communications are privileged.

**Question (c): Should extensive research, country by country, on privilege and professional secrecy precede the drafting of an international instrument?**

14. **ICC believes that enough is already known, and that the answer to question (c) is "NO"**. ICC itself has proposed the outline of an international instrument in position paper 450/1040 of 9 October 2008, paragraphs 22 and 23. ICC believes that its proposal is valid and workable, and that further research could not, even in principle, prove otherwise. We shall now explain the practical operation of the international instrument proposed by ICC.

15. The proposed instrument would (briefly summarised)-

- (a) require each country to specify those legal advisers<sup>3</sup> whose clients would benefit from the treaty

(we expect, for instance, that USA would nominate, at least, all US attorneys; UK would nominate, at least, all UK solicitors, all UK barristers, all UK patent attorneys, all UK trade mark attorneys, and all UK-resident European Patent Attorneys; Japan would nominate, at least, all Japanese general lawyers and also all Japanese patent attorneys; and each EPC country other than UK would nominate, at least, all locally-resident European Patent Attorneys);

and

- (b) (so far as intellectual property disputes are concerned)<sup>4</sup> require each country, to the extent it has a doctrine of discovery and privilege, to apply its existing doctrine of privilege *equally* to the clients of legal advisers nominated by itself and to the clients of legal advisers nominated by any other country and in any case to European patent attorneys resident in EPC countries.

(Note that the instrument would require all countries to treat equally under (a) or (b) *all* European Patent Attorneys, *regardless of whether they work in-house or in private practice*. Also if one country

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<sup>3</sup> The instrument would probably require countries to show that their nominated legal advisers had overriding duties to be honest and to serve justice (see paragraph 5 of ICC position paper 450/1040).

<sup>4</sup> A detailed definition of intellectual property was proposed in paragraph 22(ii) of ICC position paper 450/1040.

chooses not to discriminate under (a) between *its locally-qualified* in-house and private practice legal advisers,<sup>5</sup> then that non-discrimination has to be respected by all other countries under (b), regardless of whether those countries choose to discriminate among *their own* locally-qualified legal advisers. In-house legal advisers are of great importance to business – see paragraphs 16 and 17 of ICC position paper 450/1040.)

16. The instrument summarised in 15 above would have little or no effect on Court actions in civil-law countries where there is little or no discovery. However, it would have a major effect on Court actions concerning intellectual property in common-law countries, benefiting any party who had taken advice from a legal adviser nominated by a foreign country. **This would also benefit justice generally, encouraging clients to take legal advice wherever necessary, and reducing the cost of litigation in common-law countries by avoiding excessively broad discovery and “mini-trials” on privilege (see ICC position paper 450/1040, paragraphs 1 to 21 for fuller details).**

#### **Question (d): Would an international instrument be inconsistent with Article 2(3) of the Paris Convention?**

17. Article 2(3) of the Paris Convention does expressly reserves to countries of the Paris Union matters of national judicial procedure.<sup>6</sup> However, it does *not* bar a *separate* instrument that *does* affect national judicial procedures; indeed both the WIPO Patent Cooperation Treaty and the WIPO Patent Law Treaty affect matters previously reserved under Article 2(3).

18. Therefore, the true question is whether an instrument as summarised in 15 above is contrary to the *spirit* of the Paris Convention. ICC argues it would affect little or not at all the judicial procedures of civil-law countries. The instrument would have a greater effect on the judicial procedures in common-law countries. However, insofar as it would eliminate the presently-existing discrimination against parties to litigation who have taken advice from foreign legal advisers, most especially foreign parties to Court actions,<sup>7</sup> **ICC believes that the proposed instrument is in the spirit of Article 2(1) of the Paris Convention.**

#### **Question (e): Would an international instrument affect costs?**

19. **The instrument would reduce costs in certain litigations in common-law countries (paragraph 16 above). It would tend to reduce the frequency of expensive litigation** by making it easier for potential plaintiffs and defendants in intellectual property actions to seek early legal advice.

### **Conclusion**

20. ICC believes that an international instrument along the lines proposed in paragraphs 22 and 23 of its position paper 450/1040 of 9 October 2008 is feasible and that the concerns expressed by some delegations at the March 2009 SCP are met by that proposal.

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<sup>5</sup> For instance, it is expected that UK and USA would follow their existing legal tradition and not discriminate.

<sup>6</sup> Also reserved under Article 2(3) were administrative procedure, jurisdiction, and designation of an address for service or appointment of an agent.

<sup>7</sup> Particular discrimination presently occurs where the party is from a civil law country (see paragraph 14 of ICC position paper 450/1040).

# The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote trade and investment across frontiers and help business corporations meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the last century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rules-setting, dispute resolution and policy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC enjoys a close working relationship with the United Nations and other intergovernmental organizations, including the World Trade Organization and the G8.

ICC was founded in 1919. Today it groups hundreds of thousands of member companies and associations from over 130 countries. National committees work with their members to address the concerns of business in their countries and convey to their governments the business views formulated by ICC.



**International Chamber of Commerce**

*The world business organization*

**Policy and Business Practices**

38 Cours Albert 1er, 75008 Paris, France

Tel +33 (0)1 49 53 28 28 Fax +33 (0)1 49 53 28 59

E-mail [icc@iccwbo.org](mailto:icc@iccwbo.org) Website [www.iccwbo.org](http://www.iccwbo.org)