

The Submissions of The International Association for the Protection of Intellectual property (AIPPI) on Protection of Clients' Intellectual Property Professional Advice herein called "*the protection*" - dealt with by the Standing Committee on Patents (SCP) under the title 'Client Attorney Privilege' (CAP) – 28 February, 2011

1. Introduction

- 1.1 These Submissions are made to the World Intellectual Property Organization (**WIPO**) and through WIPO and AIPPI's National Groups to the Member States of WIPO in relation to the studies of CAP by the SCP.
- 1.2 AIPPI's function as an observer of the SCP process on CAP, is essentially to provide the Member States with helpful and correct information on relevant law and practices. Where AIPPI has expressed frustration with views stated by some Member States, the problem is that they have not been adequately informed.
- 1.3 These Submissions are intended to enable the Member States to put behind them the study of the problems of CAP and their background, and to encourage and persuade the Member States to move forward by giving WIPO a broad mandate to study **remedies**.
- 1.4 The term 'the protection' relates to the legal means which are presently applied by the Member States to protect clients' IP professional advice from being made public.
- 1.5 The subjects of these Submissions are as follows (using the respective Section numbers).

Section Number	
2.	Primer – dealing (in the form of answers to questions) with fundamental matters which have become settled in the SCP in relation to the protection, and some controversial issues which have not been, but need to become, settled.
3.	Disclosure – as required in the patent law and its relationship with the protection; it is a misunderstanding if obligations in the patent law to make disclosure are thought of as being in conflict with the protection, and vice-versa.
4.	Development Agenda (DA) – the relationship between Member States' co-operation on achieving the protection nationally and internationally and the DA – the two are in fact in harmony.
5.	SCP/15/6 PROV – WIPO transcript of SCP15; AIPPI submissions on views expressed by Brazil and India and the continuing need for WIPO to be mandated to study remedies.

Section Number	
6.	Remedies – particular subjects for study by WIPO as indicated by WIPO reports on CAP, AIPPI submissions to WIPO and AIPPI Resources supplied by AIPPI to WIPO in October, 2010.
7.	The Mandate required for WIPO on remedies.

2. Primer

2.1 What are the legal means which now apply to protect clients' IP professional advice from being made public?

The means are for the main part 3 things. First, under civil law, an obligation is put on the IP professional not to disclose, and that is backed by penalties. Secondly, under common law, there is a right for clients not to disclose the instructions for and the advice (ie privilege over the usual obligation in the common law to make disclosure to the opposite party and the court) in communications including documents relevant to the case. Thirdly, under both systems of law, the protection is supported by rights of the professional and the client to maintain confidentiality in communications between them relating to the advice.

2.2 Why does the protection exist?

The protection (under both common and civil law) exists to assist clients to obtain correct legal advice. Being able to obtain correct advice is fundamental to the functioning of society. In relation to the common law, the purpose of the protection has been judicially explained as serving public interests in good governance, particularly in the administration of justice and enforcement of the law. That being applicable to the one system, it obviously also applies to the other.

2.3 Where does the protection exist?

The protection currently applies under the domestic law of nearly every country and has done so in many cases for more than 100 years. This is hardly surprising having regard to the fundamental reasons for the existence of the protection referred to in the previous paragraph.

2.4 What are the main problems with the protection?

The 2 main problems are inadequacy of the protection under national law and loss of national protection when advice is transmitted cross border.

The protection first arose in connection with the relationship between clients and those who gave them legal advice (generalist lawyers). Such lawyers used to (and still do) engage scientifically qualified people to assist them to advise clients in relation to patent matters. However, in relation to IP, a new category of legal adviser has been developed over the last 100 years or so in which in the one person, scientific and specialist IP legal qualifications are combined. The development of specialist IP legal advisers who are also scientists has been encouraged by governments – it is a development which is economically and socially positive.

The needs of the client to obtain confidential advice from specialist IP legal advisers to which the protection is applied, is the same now as it was before (and is still now) with generalist lawyers.

As to the position of national laws, many countries, but not most, have kept pace by providing the protection to clients of the newer IP specialist lawyer professionals.

As to the international position, because of the international nature of IP rights, clients need to rationalise their IP professional advice from one country to another and so that advice is inevitably transmitted internationally. The problem then is that the one country does not recognise the protection which applies to client/IP specialist legal advice (ie non generalist-lawyers) in another. This causes confidentiality of the advice in the first country to be lost, thus the protection itself.

Only one country in the world certainly recognises and thus provides the protection for clients of such specialist IP legal advisers overseas – namely **New Zealand**.

2.5 What types of information should be protected by privilege for patent attorneys?

Non-lawyer patent attorneys provide a service that was historically provided by lawyers to whose communications privilege applied. The substance of communications between patent attorneys and patent applicants corresponds with communications between lawyers and patent applicants. It is inconsistent and illogical that communications that would previously have been subject to privilege as a result of IP advice from a lawyer, and for that matter, would still now be so, are not likewise protected from forcible disclosure in the case of a non-lawyer patent attorney.

Communications with substantially the same content should have the same protection from forcible disclosure, given the same legal role that lawyers had (and still have), which can now fulfilled by specialist IP lawyer patent attorneys.

2.6 What are the main misunderstandings in the SCP about the protection?

First, they are about **disclosure/transparency** as it applies in the patent law and the relationship of that with the protection. Secondly, **the effect of treaties** (Paris and TRIPS, in particular) on whether the protection is a matter for national law. Thirdly, **negative predictions** made by some Member States about whether the problems (ie the problems referred to in paragraph 2.4) can be solved, **without first having studied remedies**.

On the first topic (disclosure/transparency and the protection), there is no conflict. This is dealt with in the following Section of these Submissions.

As to the second topic (the effect of the treaties), they do not have any application as to how the problems of the protection can be solved; solving the problems of the protection certainly requires international co-operation. Previous treaties (including Paris and TRIPS) do not dictate that Member States cannot make new international arrangements. See also Section 4 of these Submissions dealing with what **India** is reported as saying in SCP/15/6 Prov.

As to the third topic (predictions of failure without studying remedies), whether there are practical remedies is an open question the void of which cannot be helpfully filled without

careful and comprehensive objective analysis. There has been no such analysis of remedies by the SCP as yet.

3. Disclosure required by patent law and its relationship with privilege

Summary

- 3.1 Delegates of Brazil, India and Iran are reported in SCP/15/6 Prov as saying in effect that privilege will assist patent applicants to avoid disclosing to patent offices information which they have an obligation under the patent laws, to disclose. They suggest that privilege will reduce transparency in patent prosecution and adversely affect the quality of patents.¹
- 3.2 These propositions are mistaken.
- Patent applicants do not have an open-ended duty to disclose all relevant information. Rather, their obligations under the law to make disclosures are limited to specified subjects.
 - The information required on specified subjects must be provided before an applicant can obtain a patent. If privilege applies to documents which the applicant has that are related to those subjects and the applicant cannot make disclosure without using those documents, an applicant must waive privilege to the extent necessary to provide that information.
 - Thus, there is in effect no conflict between privilege and disclosure.²

These matters are dealt with in more detail below. Relevant treaties and the laws of India and Australia in particular, are referred to by way of example.

Disclosure obligations

- 3.3 These are specified in international treaties and national patent laws.³

Treaties

- 3.4 A patent applicant must disclose particular information in the patent application and specification or the application will be invalid. For instance, Article 3(2) of the PCT provides that -

An international application shall contain, as specified in this Treaty and the Regulations, a request, a description, one or more claims, one or more drawings (where required), and an abstract.

However, the precise requirements depend on the governing national law.

¹ See Brazil at [121], India at [122], and Iran at [123].

² If the client and/or the adviser are minded to commit fraud, that behaviour does not depend for its existence upon privilege - it will happen whether privilege exists or not. If there is an issue of fraud, it is no defence to the requirement that documents implicated in the alleged fraud would have to be disclosed, that those documents are subject to privilege. See *AWB v Cole (No 2)* (2006) 155 FCR 30 (Australia); *U.S. v United Shoe Machinery Corp.*, 89 F.Supp. 357 (D.Mass) (US); *R v Cox & Railton* (1884) 14 QBD 153 (UK).

³ The *Paris Convention for the Protection of Industrial Property*, *Patent Cooperation Treaty (PCT)* and the *Trade Related Aspects of Intellectual Property (TRIPs)* agreement. National laws by example - Australian *Patents Act 1990* (Cth) and associated Regulations, and India's *Patents Act 1970* and associated Regulations.

3.5 Articles 4, 5, 6 and 7 of the PCT specify disclosure requirements for the request, description, claims, and drawings.⁴ Further detail of what is required to be disclosed is provided in the Regulations which specify a number of 'formal' disclosures such as the inventor's name, the applicant and agent's details, the title of the invention and a priority claim.⁵ Equivalent 'formal' disclosures are required under national laws.⁶

3.6 An applicant is also obliged to make other more 'substantive' disclosures. For instance, Article 29 of TRIPs provides that,

Members shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application.

3.7 Other requirements are specified in Regulation 5.1 of the PCT, which says the patent description shall:

- (i) specify the technical field to which the invention relates;
- (ii) indicate the background art which, as far as known to the applicant, can be regarded as useful for the understanding, searching and examination of the invention, and, preferably, cite the documents reflecting such art;
- (iii) disclose the invention, as claimed, in such terms that the technical problem (even if not expressly stated as such) and its solution can be understood, and state the advantageous effects, if any, of the invention with reference to the background art;
- (iv) briefly describe the figures in the drawings, if any;
- (v) set forth at least the best mode contemplated by the applicant for carrying out the invention claimed; this shall be done in terms of examples, where appropriate, and with reference to the drawings, if any; where the national law of the designated State does not require the description of the best mode but is satisfied with the description of any mode (whether it is the best contemplated or not), failure to describe the best mode contemplated shall have no effect in that State;

⁴ Relevant to the present focus on disclosure obligations for patent applicants, Article 4(1) provides that 'the request shall contain:

...

(iii) the name of and other prescribed data concerning the applicant and the agent (if any);

(iv) the title of the invention;

(v) the name of and other prescribed data concerning the inventor where the national law of at least one of the designated States requires that these indications be furnished at the time of filing a national application. Otherwise, the said indications may be furnished either in the request or in separate notices addressed to each designated Office whose national law requires the furnishing of the said indications but allows that they be furnished at a time later than that of the filing of a national application.'

Article 5 provides 'The description shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art.'

⁵ See Regulation 4.1(a)(iv), (iii), (ii) and (b)(i) respectively.

⁶ See *Patents Act 1970* (India), s10(4); *Patents Regulations 1991* (Cth) rr3.2A, 3.2B, 4.1.

- (vi) indicate explicitly, when it is not obvious from the description or nature of the invention, the way in which the invention is capable of exploitation in industry and the way in which it can be made and used, or, if it can only be used, the way in which it can be used; the term “industry” is to be understood in its broadest sense as in the Paris Convention for the Protection of Industrial Property.

3.8 Again, the precise requirements of 'substantive' disclosure obligations depend on the governing national law.⁷

3.9 Thus disclosure obligations are focused on specified subjects. There is no general or open-ended disclosure obligation, such as a duty for applicants to disclose all information relevant to their application.

The effect of privilege on the applicant's disclosure obligations

3.10 Privilege under the common law is a right to resist disclosing information that would otherwise be relevant, subject to certain exceptions, such as fraud. It protects from forcible disclosure confidential communications between clients and their legal advisers that were made for the dominant purpose of seeking or giving legal advice (eg advice on the patentability of an invention).

3.11 To be entitled to the grant of a patent, the applicant must still comply with the specified disclosure requirements described in this Section above. Thus, if certain information that the applicant is required to disclose is caught up in privileged communications (whether written or oral), and cannot be disclosed by some other means, the applicant must still provide that information to the relevant patent office, to be entitled to the grant. If it were necessary to waive privilege to make that disclosure, privilege would have to be waived.

3.12 WIPO has acknowledged the lack of tension between disclosure and privilege in its report to the SCP – SCP/14/2. At paragraph 251, after reviewing the application of the protection against forcible disclosure in SCP/13/4 and SCP/14/2 in 14 countries⁸ involving both common law and civil law countries, WIPO reported on this point as follows.

It goes without saying that the disclosure requirement under the patent law, which is a statutory requirement and must be complied with to obtain patents, cannot be influenced by the existence or non-existence of the client-attorney privilege.

3.13 Despite privilege and disclosure not being in conflict, it is still worthwhile reflecting on why privilege exists. The public benefits of privilege are related to obtaining good governance. First, privilege encourages full and frank communications in the giving of instructions and advice and that underpins the giving and obtaining of correct legal advice. Secondly, by obtaining and supplying correct legal advice, the law is enforced.

3.14 The existence and application of privilege over more than two hundred years are important indicators for the Member States in the context of whether it is important to solve the

⁷ *Patents Act 1970* (India), s10(4); *Patents Act 1990* (Cth) s40. There are a number of other specific obligations, such as the requirement that patent applicants may also be required to provide information about the results of previous searches on the invention or to provide information on related patent applications in other countries: see *Patents Act 1990* (Cth), s45(3); TRIPs treaty, Article 29(2); European Patent Convention, Regulations 141 and 70.

⁸ The countries considered and reported on by WIPO in SCP/13/4 and SCP/14/2, were Australia, Brazil, China, Germany, India, Japan, Malaysia, New Zealand, Russia, South Africa, Switzerland, Thailand, United Kingdom and USA.

problems of CAP. The substantial number of countries (all common law and some civil law) that apply privilege, have accepted that the public benefits of applying privilege to the relevant communications are paramount.

- 3.15 WIPO (after noting the country study referred to in paragraph 3.12 above) also acknowledged the public interest considerations in protection against forcible disclosure of IP advice in SCP/14/2, as follows.

It appears that similar public interest considerations underline the concept of "client-attorney privilege" in common law countries and the concept of "professional secrecy obligation" in civil law countries: lawyers can provide, and clients can obtain, proper advice only where a guarantee of the professional's discretion is given. In both systems, confidentiality of such advice is indispensable for the administration of justice. Bearing in mind the different procedural laws and evidence rules, each system has developed different concepts which aim at a similar practical result, that is, non-disclosure of confidential information between lawyers and clients.

- 3.16 Just as applies with any law which imposes obligations, persons may not be disposed to comply and may try to conceal their non-compliance. This category of behaviour could involve destruction of documents or even the creation of ones for the purposes of deceit. This behaviour is not caused by the existence of privilege nor can it legally be defended by privilege. The behaviour would occur whether privilege existed, or not.
- 3.17 Privilege is thus of no substantial risk to disclosure related to patenting and even less so when it is understood that privilege from disclosure is limited to the instructions for advice and the advice itself, and thus does not apply to any facts relevant in the case and required to be disclosed as specified by the patent law of each country.

4. The relationship between Member States' co-operation on national and international protection of clients against forcible disclosure of IP professional advice and the Development Agenda (DA).

- 4.1 For the reasons stated below (which are not exhaustive), AIPPI submits that the co-operation referred to in the heading is compatible with, and supportive of, the DA and the Guiding Principles relating to the DA (see CDIP/5/9 Rev.).

Characterisation of the DA and its Guidelines in the context of the protection

- 4.2 The protection currently applies under the domestic law of nearly every country (see the papers published by WIPO of the WIPO/AIPPI Conference on Privilege in May 2008, and the AIPPI Resources provided by AIPPI to WIPO in October, 2010)⁹ and has done so in many cases for more than 100 years. The protection has been established in the WIPO Reports (SCP/13/4 and SCP/14/2) as being principally in aid of the public interest of good governance. Those Reports also establish that the contribution to good governance is achieved by supporting full and frank disclosures between clients and their IP advisers in aid of obtaining correct legal advice and, thus, the efficient enforcement of the law.¹⁰

⁹ See footnote 3 below for relevant percentages extracted from the AIPPI Resources.

¹⁰ SCP 13/4 paras 5 and 14; SCP 14/2 para 5, 11, 125, 243, 244, 255, 256 and 264.

- 4.3 The problems of inadequate protection and loss of the protection have arisen principally through increasing trade involving IP rights internationally and economically rational developments of the IP professions (the problems and what has caused them to arise are described in papers published by WIPO from the WIPO/AIPPI Conference on Privilege in May 2008). As to most countries, these matters have occurred long after the protection was first established in those countries.
- 4.4 One of the principal causes of the problems is changes that have taken place in the IP professions. The IP professions now include not only lawyers who have historically used scientific experts to help them advise clients on the obtaining of IPRs. There are now also technically qualified persons who are not generalist lawyers but who have been specially trained in IP law. Such persons can advise clients in relation to the processes of obtaining IPRs, both nationally and internationally, more efficiently than the lawyer/scientific expert combinations they have supplemented.
- 4.5 These 'new' IP professionals provide legal advice to clients. The public interest in good governance through correct legal advice applies to them in the same way it traditionally did, and does, to lawyers providing that advice. The law must shift to reflect this new situation.
- 4.6 One might reasonably ask - what has happened nationally and internationally to provide law which secures in relation to the clients of this relatively new category of IP advisers, ie non lawyer patent attorneys, the same protection as had previously been established for the IP lawyers they replaced? Such law has been provided for clients of the IP professionals in many countries (eg UK, Australia, South Africa, New Zealand) but not so in most other countries. On the international side, almost universally the one country does not recognise the specialist lawyer/ IP professional relationships involved in the obtaining and giving of IP professional advice in another country, that is, even if their confidentiality is protected in the other country.
- 4.7 Paragraph 5 of the DA Guidelines under the heading of 'The Development Agenda Implementation' states (in part) as follows.

The DAG underscores the need for exploring ways and means which would enable intellectual property to make its full contribution and be commensurate with the task of development in developing countries and least-developed countries. This includes the need to ensure that the different elements of IP contribute to economic and social development and enhance growth competitiveness.

It was accepted in the WIPO/AIPPI Conference on Privilege in May 2008 that the lack, and the loss of, the protection is negative to trade. The studies of the protection, and how the problems of inadequacy and breakdown of the protection can be remedied, are positive to and supportive of developing trade and, in particular, of economic and social development which depend upon trade.

- 4.8 Paragraph 7 of the DA Guidelines states (as to 'Cluster A') that the technical assistance of WIPO should provide - "balanced advice on appropriate IP strategies based on available flexibilities, exceptions and limitations". The report of WIPO to the SCP (namely SCP 14/2) has raised the existence of exceptions, limitations and waivers relating to the protection.¹¹

¹¹ SCP 14/2 paras 25, 26, 27, 39, 40, 55, 72, 89, 90, 105 to 111, 133-136, 145, 176, 190, 191, 200, 214, 215.

Further information on such exceptions and limitations (and also on waivers) is available to be reported by WIPO to the SCP from the AIPPI Resources supplied by AIPPI to WIPO in October, 2010.¹²

- 4.9 What flexibilities are available and what exceptions and limitations should be applied as a part of any remedy, are matters for the SCP to mandate WIPO to study if WIPO is to be enabled to provide (in this context) the "**balanced advice**" (see 4.7 above) for which the DA Guidelines call. The provision through the SCP process of a basis for Member States to obtain and maintain the protection, will be part of assisting the Member States to achieve the "domestic innovation" to which paragraph 7 of the DA Guidelines refers, as those Guidelines say - taking into account 'flexibilities, exceptions and limitations' as may be needed by Member States, and as paragraph 8 of the DA Guidelines requires – in short, it requires considering what options or safeguards may be essential to meet the needs of developing countries.
- 4.10 In the context of the SCP working on improving the protection, the SCP's process provides a means of achieving the DA aim expressed in paragraph 19 of the Guidelines of "building bridges across and between the interests of all WIPO Member States towards reaching consensus for the benefit of all WIPO Member States". WIPO has already shown that it is mindful of the need to focus on and establish the relevance of the protection to developing countries – see the comment by WIPO in paragraph 264 near the end of its Report SCP/14/2 -

The question may be raised as to whether and how recognition in foreign countries may affect the needs of developing countries. From the above Country Study, the privilege and/or professional secrecy obligation seems to be deeply rooted in the legal system of each country, regardless of the level of its technological or economic development.

The AIPPI Resources are consistent with this conclusion.¹³

- 4.11 The Country Study referred to by WIPO in the passage quoted in paragraph 4.9 above, included Brazil and Malaysia (the first being a civil law country and the second a common law country). The SCP/14/2 Report reads onto SCP/13/4 which includes India (a common law country). Those 3 countries are each members of the DA Group which is the

¹² From the Q & A process reported by AIPPI, 96% of the Responders (there were Responders from 48 countries) provided national protection from forcible disclosure, 73% of whom considered the current level of protection **not** adequate. From the same source, 83% of those Responders have some form of limitation, exception or waiver affecting the protection they provide and more than 50% of the Responders would require that the advisers with whom protection should apply, should have qualifications and that limitations, exceptions and waivers should apply to the protection, see the graphs and the analysis of the graphs in the AIPPI Resources documents reported and supplied by AIPPI and WIPO.

¹³ See the percentages reported in footnote 12. The AIPPI National Groups of the following countries comprised the Responders to the AIPPI Q & A process.

Argentina, Australia, Austria, Belarus, Brazil, Canada, Chile, China, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Lithuania, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Panama, Philippines, Poland, Portugal, Rep. of Korea, Romania, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States of America, Venezuela, Independent Members (Uruguay).

Eleven of those are common law countries and the remainder are civil law.

source of the DA Guidelines. They are each countries in which the protection is 'deeply rooted' as WIPO states.

- 4.12 Adopting the expression used by Iran in relation to the work of the SCP in the context of the DA (paragraph 23, lines 21 and 22) – developing national and international law on CAP will – "... contribute to development in a manner conducive to social and economic welfare of the Member States". CAP is about obtaining for clients correct legal advice and for the public both that and enforcement of the law.

5. AIPPI's submissions on matters reported in SCP/15/6 Prov. in relation to CAP¹⁴

Summary

- 5.1 This Section focuses on particular points made by Member States negative to the further study of CAP and in particular on remedies. It is essentially an expression of AIPPI's function to provide the Member States with helpful and correct information on the law.

Commentary at SCP/15 – October 11-15, 2010

- 5.2 At SCP/15, Belgium representing the EU (ie comprising the 27 Member States) (212), Switzerland (113), Slovenia representing Central European & Baltic States comprising 17 Member States (114), Nepal (115), New Zealand (116), Australia (117), Russia (118), USA (119), El Salvador (120), Japan (124) and Angola (16), that is 53 Member States **supported** the further study of CAP for diverse reasons.
- 5.3 Brazil representing itself and the Development Agenda Group (DAG) comprising 18 Member States (121) and India (a member of the DAG (122)) were negative to the further study of CAP. Iran (123) (a member of DAG) was also negative to further study for reasons similar to those stated by India but called for further study of the interplay between the extension of the CAP and the transparency of the patent system. Thus, 18 Member States were **negative**.
- 5.4 The observer IP NGOs specialising in IP law namely AIPPI (33 and 128), GRUR (36 and 129), FICPI (42 and 130), CEIPI (35) and APAA (40), **supported** further studies of CAP and were joined in that view by another IP NGO namely ICC (32) representing businesses interested in IP.

Particular views expressed by Brazil and India as reported in SCP/15/6 Prov.

Brazil

- 5.5 Brazil (121) speaking on behalf of the DAG made 2 main points. **First**, Brazil said that SCP/14/2 states that there are differences between common law and civil law countries as to the protection and also within the laws of countries having the same legal tradition. **Secondly**, that these issues, (i.e. the 'differences') go beyond patents. Therefore, Brazil stated that "... *it was neither practical nor realistic to seek a uniform rule that could involve fundamental changes in national judicial systems*".

¹⁴ The relevant paragraph references to SCP/15/6 Prov. are stated in brackets or as to the appropriate WIPO document as the case may be.

- 5.6 The statement/conclusion in the previous paragraph assumes that the study of remedies will lead inevitably to the conclusion that the remedy will be "*a uniform rule*" having the particular consequence of requiring "*fundamental changes in national judicial systems*". In response to that assumption, AIPPI urges Brazil/DAG to consider these things. **First**, there has been no study of remedies by the SCP, and **secondly**, theoretically there could be a remedy which does not require either a uniform rule or a fundamental change in national judicial systems. The main problem with the statement/conclusion of Brazil is that there is not enough known (ie by proper study and analysis) to make the conclusion which Brazil has made. One simply does not know the answer without a proper study of remedies.
- 5.7 Further, AIPPI suggests that the Member States consider this. Potential remedies may well be more identifiable if the Member States were to focus on what SCP/13/4 and SCP/14/2 point out as the similarities between the Member States. In particular, focus on why they provide protection against forcible disclosure and as to what exceptions they similarly apply, rather than making the assumption that differences between their laws will dictate a particular outcome.
- 5.8 AIPPI points out that WIPO has reported the remarkable similarity between the public interest considerations of the common and civil law countries – see 256 of SCP/14/2 where it is stated, thus -

256. It appears that similar public interest considerations underline the concept of "client-attorney privilege" in common law countries and the concept of "professional secrecy obligation" in civil law countries: lawyers can provide, and clients can obtain, proper advice only where a guarantee of the professional's discretion is given. In both systems, confidentiality of such advice is indispensable for the administration of justice. Bearing in mind the different procedural laws and evidence rules, each system has developed different concepts which aim at a similar practical result, that is, non-disclosure of confidential information between lawyers and clients.

India

- 5.9 In October, 2010, India (a member of the DAG) (121) reiterated its position stated at SCP/14 (January, 2010). One of the problems with this reiteration (both as a matter of substance and due process) is that India overlooked the Submissions made by AIPPI to WIPO in August, 2010 which dealt with each of the issues raised by India at SCP/14.
- 5.10 India reiterated 2 main points – **first** the Paris Convention and TRIPS do not deal with CAP and India said – "for that reason" each country "should be allowed to set its own level ..." of the protection. **Secondly**, the protection is negative to disclosure required by the patent law.
- 5.11 AIPPI had provided information on each of those points by its Submissions to WIPO in August, 2010 as follows.

India

- 3.3 India's delegates stated three main points.¹⁵

¹⁵ Paragraph 119, SCP/14/10 Prov.

- Privilege is not regulated under the Paris Convention or in the TRIPS Agreement; therefore privilege is for each country to decide.
 - Harmonisation of the laws of privilege could have substantive implications.
 - More information could be kept out of the public domain; that could adversely affect patents and access to information.
- 3.4 The reference to the Paris Convention and the TRIPS Agreement is a legal mistake. In the context of the subjects of the treaties, the procedural law to be applied is national law of signatories. As privilege is not a subject of the treaties, there is no connection between the treaties and the claim that privilege is a subject for national law only.
- 3.5 Taking the points raised by the delegates for India globally, the position of India which they reflect is negative to studies of remedies in the SCP. That is surprising because it is a position opposed to making India's national law effective. For more than a century, India has provided protection to clients from forcible disclosure of IP advice given by lawyers. However, for both lawyers and non-lawyer professionals, that law is now not adequate.
- 3.6 As to the inadequacy of the protection of clients dealing with Indian lawyers, when the advice of Indian lawyers is sent overseas, if the advice is disclosed to IP professionals overseas to whom the protection under Indian law does not extend, the protection in India is lost.
- 3.7 As to non-lawyer professionals (patent attorneys) like many other countries, India has developed a new non-lawyer IP profession (non-lawyer patent attorneys) to gain the efficiency of their scientific qualifications. The clients of Indian patent attorneys who now do the work that Indian lawyers used to do, are not protected from forcible disclosure. The same clients dealing with lawyers, would be protected.
- 3.8 Under the common law, the Indian law of privilege exists to encourage full and frank transfer of information between clients and lawyers, in relation to legal advice. If the protection does not apply with certainty, full and frank transfer of information is not supported. The reason for having the law of privilege in the first place is therefore not supported. That reason is the public interest in the enforcement of the law through the providing of correct advice.
- 3.9 As to the second point – harmonisation of the law of privilege having substantive implications, that comment is premature in the SCP process. The SCP has not worked out what are the options for remedies as yet. Until you know the remedy, you cannot identify 'substantive effects', or work out their quality.
- 3.10 As to the third point, ie on keeping 'more information' out of the public domain, the information which would be protected from disclosure is the same information as is already protected from disclosure by Indian law when lawyers are consulted. Thus, there is no 'more information' to be kept out of the public domain.
- 3.11 Further, it should be noted, that in striking the balance between full disclosure of material and relevant information on the one hand and protection against disclosure under privilege on the other hand, Indian law has already weighed the desirability of full and frank transfer of information between clients and those qualified to advise clients on IP law for the purpose stated above, as greater than the need for disclosure. That same decision has also been made by numerous other common

law countries. The decision takes into account that the instructions for legal advice and the advice itself, is a narrow category of information which by its nature is not basic factual information except where there is information which would be relevant to an allegation of fraud. Privilege cannot be relied upon to deny the disclosure of information relevant to such an allegation.

- 3.12 The studies of options for remedies should be totally open at the outset. That is, nobody should predict or pre-suppose the outcome of the studies. That includes the outcome on harmonisation including in relation to what limitations, exceptions and waivers might apply to the protection. Of course, one does not cross the boundary of that principle merely by observing that this aspect of the studies will have complexities or that 'one size might not fit all'. But if observations such as those are given negative effect in relation to starting the studies, that does cross the boundary; they are no justification for not commencing the studies.
- 5.12 Further in relation to the first issue (ie the suggestion by India that there is cause and effect between the omission of privilege from the Paris Convention and TRIPS, and each country being allowed to deal with privilege subjectively) AIPPI repeats – this is a legal mistake because the treaties do not have any effect except on the matters with which they actively deal. Another way of explaining this point is that treaties do not prevent the parties from making new agreements on different subjects and for that matter, even on the subjects agreed by the treaty.
- 5.13 But further to that, nobody is questioning in the SCP whether each country should presently be allowed to set its own rules. Rather, the focus is on solving a problem which the present position cannot resolve. That is, the problem of the loss of the national protection which Member States provide when the advice of IP advisers whom they protect in their own country, goes cross-border. The solution to that problem requires international cooperation. It cannot be resolved by national laws alone – even if there is no international agreement as such, there needs to be some international cooperation to make national laws which will solve the problem.
- 5.14 As to the allegation by India that the protection is negative to disclosure required by the patent law, the quoted paragraphs 3.10 and 3.11 in paragraph 5.11 above from AIPPI's Submissions of August, 2010 deal with that. However, further to that, see Section 3 of these Submissions. It appears that India (along with others) has misunderstood the law on disclosure. The disclosure required is related to specified subjects. Privilege is not in conflict with that because, as already explained in Section 3, an applicant must provide the specified information even if that means privilege has to be waived.
- 5.15 The protection from disclosure related to privilege in the common law is of narrow scope. Privilege applies only to the instructions for and giving of legal advice. Privilege does not protect from disclosure facts that the party is required by law to disclose. Professional secrecy is wider but there is no suggestion that that should change.
- 5.16 The AIPPI Submissions of August, 2010 also make the point (in paragraph 3.11) that India has already accepted privilege in relation to the advice of lawyers and that position has been part of India's law for more than a century. It is not unreasonable to deduce that in accepting that position, India does not in fact see the protection as being in conflict with disclosure.

AIPPI's encouragement to WIPO and the Member States to clarify the relationship of disclosure and privilege.

5.17 At 128 of SCP/15/6 Prov., AIPPI is reported as stating –

... there was still a misunderstanding in relation to what privilege was, given that the issue was often considered as a tool for blocking the disclosure, a fundamental part of the patent system. The Representative explained that since privilege related only to the instructions for and the advice which was given by an attorney to a client, it was not related to the fundamental fact of prior publication, and for that reason, the privilege could not be used as an instrument for concealing frauds, (eg a fraud on the patent office). The Representative suggested the need for clarifying the issue, since the fears that the privilege could be an obstacle to disclosure were caused by the lack of informed debate.

Thus, AIPPI has urged that the relationship of disclosure with the protection be clarified by WIPO.

GRUR's submission on the same point

5.18 The Representative of GRUR made a similar point (129).

Concerning the issue of disclosure and the international legal framework, the Representative stated that it was based on a misunderstanding of the concept of enabling disclosure as contained in the international, regional and national legal instruments. The Representative stated that according to Article 29.1 of the TRIPS Agreement, a patent applicant had the obligation to disclose the invention for which patent protection was sought in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art, and according to Article 29.2 of the TRIPS Agreement, the competent authorities of a Member may require an applicant to provide information concerning the applicant's corresponding foreign applications and grants. The Representative noted that there was no obligation under international law, neither on the applicant nor the patentee nor the opponents in opposition, revocation or infringement proceedings, to lay open to the public or a competent authority or court, each and every element of their information in their possession or in possession of their attorneys or other legal advisors.

5.19 The representative of GRUR went on to deal with concerns that had been expressed (by Brazil, India and Iran) that the protection might be used as a device to conceal knowledge which should be disclosed. The Representative of GRUR (129) stated –

Nevertheless, the Representative clarified that that did not allow the applicant or his attorney to wilfully conceal knowledge about the state of the art available to them, which could be considered as a fraud against the patent office.

As AIPPI has previously observed in these Submissions (paragraph 3.16), the existence of privilege is not the cause of the wilful concealing of knowledge. Assuming a case where disclosure is specifically required and the disclosure is wilfully not made, it is dishonesty that is the cause and that would be impugned everywhere.

5.20 Further, facts relating to conduct which should be impugned as a fraud on the patent office or such like, are usually capable of being proved from sources other than the narrow category of information which is protected by privilege from disclosure, namely, instructions for advice and the advice which is given in relation to some legal subject like title, patenting, infringement or evidence. Further, common law courts have powers to investigate documents claimed to be privileged if they are implicated in a claim in the

case – for example, if they were implicated in a claim of conspiracy between the lawyer and the client to defraud the patent office.

- 5.21 Accordingly, AIPPI considers that the misunderstanding of the relationship between disclosure and the scope of privilege in the patent law applies to both disclosure itself and the scope of privilege, and needs to be clarified to prevent Member States being misled by these misunderstandings. The disclosure obligations apply to discrete subjects (that is, disclosure is not open ended) and privilege does not change the obligations to make disclosure on those discrete subjects.

6. Remedies

Overview

- 6.1 This Section indicates relevant subjects or issues for report to the SCP by WIPO in respect of possible remedies or solutions to the problems of CAP. These subjects have been raised in previous reports and submissions to which we refer below.
- 6.2 AIPPI considers that the primary matters requiring further study are readily identifiable in view of the past work and reports of WIPO (in particular reports SCP/13/4 and SCP/14/2) and the submissions made by delegates of Member States and representatives of IP NGOs, including AIPPI's written submissions dated 17 August, 2009 and 31 August, 2010.
- 6.3 In summary, primary matters for further consideration and reporting by WIPO, are as follows.
- (i) The differences between civil law and common law jurisdictions.
 - (ii) The nature, type and scope of communications to be protected.
 - (iii) The type (qualification) of IP adviser whose communications with clients should be protected from forcible disclosure.
 - (iv) Possible exceptions and limitations to the application of the protection.
 - (v) The international implications in obtaining the application of the protection of clients from forcible disclosure of communications relating to their IP professional advice.

AIPPI comments on these 'primary matters' for study and report, as follows.

The differences between civil law and common law jurisdictions

- 6.4 As discussed in detail in AIPPI's 2010 submission and SCP/13/4 (paragraphs 27 through 42), privilege is a legal right of clients in common law countries and is of particular significance in view of the rules of discovery that apply in respect of legal proceedings in those countries. However, protection from forcible disclosure which applies to IP professionals and their clients and is called 'privilege', is applied in some civil law countries.
- 6.5 In civil law countries, professional secrecy applies whereby a lawyer or other professional is prohibited by law from disclosing the confidential information of a client. Similar obligations apply to lawyers in most common law jurisdictions (and also to non-lawyer IP advisers in some countries) in view of professional codes of conduct and disciplinary measures that are overseen by the relevant regulatory bodies.

- 6.6 Thus, whilst there are obvious differences between civil law and common law jurisdictions, there are striking similarities in relation to the purposes and effects of the laws of each. AIPPI considers that these similarities provide a strong justification for studying how they can be used to provide a foundation for international co-operation on remedies.
- 6.7 AIPPI does not expect that the adoption by Member States of some type of remedy to the problems of CAP would have any impact on the existing approaches to privilege or professional secrecy. It seems more likely that any such remedy will be an 'add on' to those.

The nature, type and scope of communications to be protected

- 6.8 There are a number of discrete issues that arise for consideration when looking at the overall type and scope of protection that would be afforded to communications between clients and their IP advisers.
- 6.9 For example, to be effective, it would likely need to extend to communications in any form (oral, written, electronic, etc) and pertain to the provision of intellectual property advice of all types, including in respect of IP prosecution, litigation, legal opinions, licensing matters and the like. It would likely need to apply to both legal and technical subject matter to the extent that that matter was included in the legal advice.
- 6.10 Another issue related to what is protected will be whether there is any qualification as to the nature of the communication, for example, must it be for the dominant purpose of receiving or providing IP advice to be protected.
- 6.11 An additional consideration will be whether the protection should apply not only to communications between a client and that person's IP adviser but will include communications between clients or IP advisers and a third party, such as a technical expert. The latter would seem to be appropriate where the information of the third party was required for the IP adviser to be able to advise the client.
- 6.12 A further consideration would be whether there is any temporal limitation on the application of the privilege, or whether it would be of an indefinite nature provided the communications remain confidential.

The type (qualification) of the IP adviser whose communications with clients in relation to legal advice, should be protected from forcible disclosure

- 6.13 There is widespread acceptance that protection from forcible disclosure applies to communications between clients and their (generalist) lawyers relating to IP legal advices. Where the role of such lawyers has been supplemented by the newer technically and specially legally trained IP advisers, there is an imperative that the clients have the same protection with them. The question then becomes whether there should be a requirement for some minimum level of domestic qualification for non-lawyer IP advisers, and if so, what should that level of qualification be.
- 6.14 Another issue relates to in-house legal counsel and whether the protection should attach to communications between such counsel and their client, namely, their employer. AIPPI has not yet studied this issue.

Possible exceptions and limitations to the application of privilege

- 6.15 It is clear from the submissions of delegates of Member States and of representatives of IP NGOs during the SCP discussions, and also from AIPPI's research, that the protection is not absolute. A key consideration will be defining the scope and extent of any exceptions or limitations that might apply.
- 6.16 For example, in most common law countries, there is a significant exception to the application of privilege; it cannot be relied upon for the purpose of concealing a fraud or criminal act (including money laundering). Both common law and civil law countries have exceptions for threats to life or the security of a person. There is also a question of whether there should be an overriding discretion left to the judiciary to deny the application of the protection and if so, what (if any) limitation would apply to that discretion.
- 6.17 Further, in many countries, the protection can be waived by the person for whose benefit it exists. If some minimum standard of protection is to apply, an issue is what allowance is to be made for waiver.
- 6.18 In relation to the overall application of the protection, it may be necessary to have standards that preserve for Member States flexibility in setting some of the detail beyond say, a particular recommended minimum standard of protection.

The international implications in obtaining the application of the protection of clients from forcible disclosure of communications relating to their IP professional advice.

- 6.19 One of the most important aspects of remedy for Member States is how to achieve support internationally for the protection they provide for clients and their IP professionals, nationally. In particular, how can they secure that the confidential nature of such communications will be respected and maintained cross border? Indeed, it is the lack of consistency in the manner in which communications are treated that has led to the most troubling results internationally, where there have been a number of examples (e.g. in Australia, Canada and the United States) where communications that were initially privileged or confidential nationally, were subsequently required to be publicly disclosed in foreign jurisdiction.
- 6.20 This issue was effectively summarized by WIPO in its SCP/13/4 report (paragraphs 56 through 67), including the discussion of four possible mechanisms for dealing with the issue, as follows.
- (i) Extend the privilege that may apply pursuant to domestic law to the communications taking place in other jurisdictions subject to reciprocity.
 - (ii) Recognize the privilege that may exist in another country and grant the same privilege domestically even if the domestic law would not normally provide for that privilege.
 - (iii) Apply the privilege that may exist under domestic law to foreign IP advisers, irrespective of any reciprocity considerations.
 - (iv) Establishing some minimum standard of privilege applicable to communications between clients and IP advisers that would be applied by all Member States.

These mechanisms are a good start for consideration. There may be others. The study of what mechanism might suit the needs of the Member States urgently needs to be completed.

7. The Mandate required for WIPO to report on remedies

- 7.1 The mandate to WIPO should be to provide a report to the SCP on the background to, and the potential and preferred, remedies to the problems of inadequacy and loss of the protection.
 - 7.2 Any mandate short of or more specific (limited) than the foregoing, will require a further mandate at a later date to make good what the Member States need by way of information and advice on those problems.
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