

## Malaysian Position on IP Adviser – Client Privilege

### 1. Status of IP Advisers in Malaysia

- Following IP advisers are recognized by legislation:

	<u>Legislation</u>
- Registered Patent Agent	Patents Act 1983
- Registered Trade Mark Agent	Trade Marks Act 1976
- Registered Industrial Design Agent	Industrial Designs Act 1996
- Registered Geographical Indications (GI) Agent	Geographical Indications Act 2000

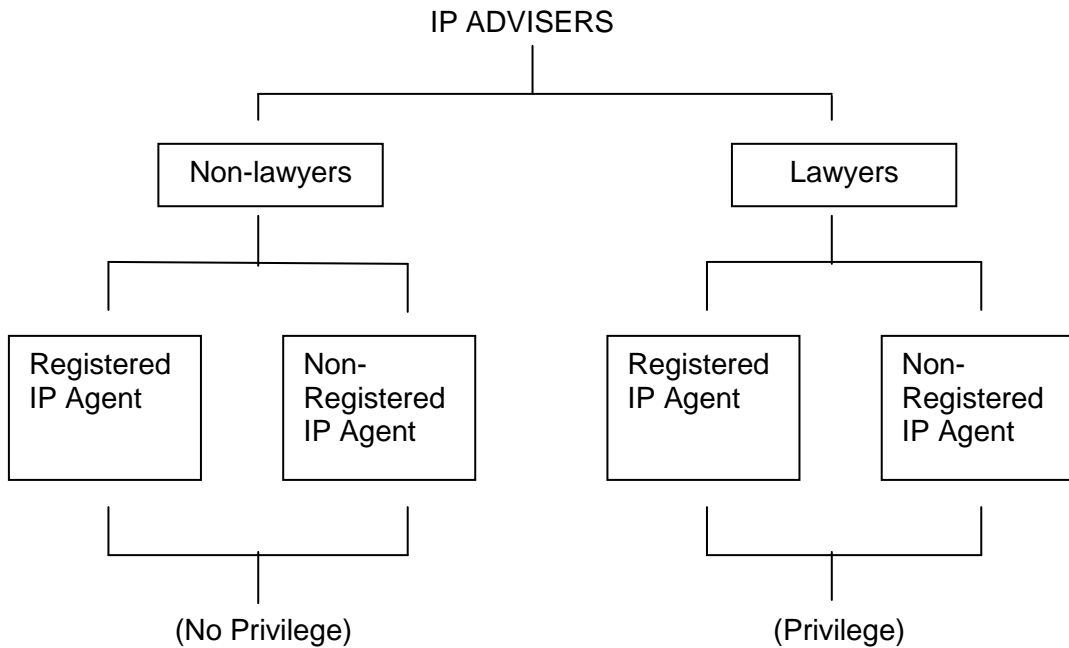
- The above legislation provide that such registered IP Agents have the “exclusive” right to file for the Intellectual Property Rights (IPR) in the respective fields of IP on behalf of clients
- The exclusivity granted to such IP agents pertains to prosecution of IPR to obtain registrations – other areas of IP practice such as rendering of advice and administrative enforcement are not the exclusive domain of registered IP Agents.
- Also, such registered IP Agents do not *ipso facto* have *locus standi* to litigate IP cases in the civil courts. Only practising lawyers have such standing in Malaysia.
- One can become a registered IP Agent by meeting the minimum qualifications and where necessary undergoing the relevant examinations set by the Malaysian IP office. Many lawyers who practice IP law are also registered IP Agents.
- There is also a category of IP Advisers who are not practising lawyers and also not registered IP Agents. This is because the practice of some IP matters such as rendering advice on IP issues or the administrative (ie non-court) enforcement of IP rights are not by law prescribed to be the exclusive domain of practicing lawyers or registered IP Agents.

### 2. Privilege Position of IP Advisers

- In Malaysia, the law on privilege is generally a subject matter of legislation supplemented with common law principles where applicable. Generally the law of privilege in Malaysia only covers communication between a lawyer and his client.
- The above legislation which establish the registration of IP Agents do not provide privilege for registered IP Agents.
- The Malaysian law on privilege currently does not protect communication between registered IP Agents (who are not lawyers) with their clients.
- Similarly IP Advisers who are not registered IP Agents and who are not lawyers also do not enjoy privilege.
- However, lawyers are under relevant legislation and common law entitled to lawyer client privilege in respect of communication between the lawyer and

his client. This privilege would also apply to all IP legal matters acted upon by the lawyer for his client, whether or not the lawyer is also a registered IP Agent.

- Summary of Privilege Position



3. Scope of Privilege

- As stated earlier, only IP Advisers who are practicing lawyers enjoy privilege due to the law governing lawyer-client privilege.
- The privilege is principally established by Section 126 of Evidence Act, 1950 which states as follows:

*“(1) No [advocate] shall at any time be permitted, unless with his client’s express consent, to disclose any communication made to him in the course and for the purpose of his employment as such [advocate] by or on behalf of his client, or to state the contents or condition of any document with which he has become acquainted in the course and for the purpose of his professional employment, or to disclose any advice given by him to his client in the course and for the purpose of such employment:*

*Provided that nothing in this section shall protect from disclosure –*

- (a) any such communication made in furtherance of any illegal purpose;*
- (b) any fact observed by any [advocate] in the course of his employment as such showing that any crime or fraud has been committed since the commencement of his employment.*

*(2) It is immaterial whether the attention of the [advocate] was or was not directed to the fact by or on behalf of his client.”*

- The term “advocate” is defined under the Interpretation Act to mean a lawyer qualified to practice law in any part of Malaysia ie a practicing Malaysian lawyer.

- The scope of privilege is wide and covers all communication in the course and for the purpose of his services as lawyer and continues even after cessation of his employment as lawyer of the client. The communication protected by privilege would also include communication between the lawyer and third parties (such as independent expert witnesses) during the course of his engagement as a lawyer.
- In addition to the above the client is also protected by privilege under the Evidence Act as provided in Section 129 which states as follows:

*“No one shall be compelled to disclose to the court any confidential communication which has taken place between him and his legal professional adviser unless he offers himself as a witness, in which case he may be compelled to disclose any such communications as may appear to the court necessary to be known in order to explain any evidence which he has given, but no others.”*

It should be noted that the privilege under Section 129 uses the wider term “legal professional adviser” and not “advocate” as provided in Section 126. This term it appears is wide enough to include in house lawyers and foreign lawyers but is unlikely to include registered IP Agents or other IP Advisers (who are not lawyers) whether local or foreign.

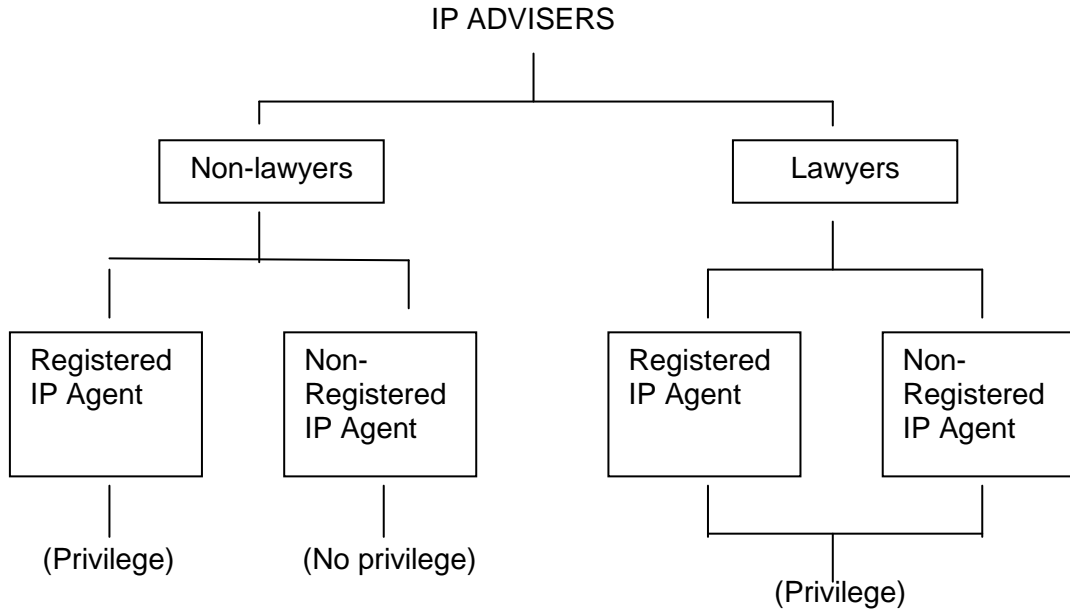
#### 4. “Indirect” Privilege

- In view of the above to ensure privilege of advice given by local/foreign IP Advisers who are not Malaysian lawyers it will be necessary for the Malaysian client to instruct his Malaysian lawyer to procure the relevant advice. Since such advice would be part of communication between the client and his lawyer, it will be protected by lawyer-client privilege.
- Also it should be noted that advice previously obtained by a client from a non-lawyer foreign IP Adviser would ordinarily not be protected by privilege as it was obtained without the involvement of the client’s legal professional adviser or lawyer.

#### 5. Assessing the Current Extent and Scope of Privilege

- Issue: Should privilege be extended to communication between client and:
  - (a) local IP advisers who are non-lawyers
  - (b) foreign IP advisers whether lawyers or non-lawyers?
- From a client’s perspective it is obvious that the extension of privilege to communication with
  - (i) Malaysian non-lawyer IP Advisers
  - (ii) Foreign IP Advisers
 would be advantageous to the client. Such extension of privilege would enable the client to obtain advice from parties which the client thinks is best able to provide such advice and such advice can be solicited free of concerns of discovery and confidentiality.
- On the issue of which type of IP Adviser should enjoy the client privilege it is arguable that such privilege should only extend to IP advisers who are “legally qualified” and recognized as such to provide such advice. Accordingly, a case could be made to say that such privilege if it is to be

extended beyond lawyers to non-lawyers should only cover IP advisers who are registered IP agents since such persons are recognized as legally qualified under the respective IP legislation. The flow chart could therefore look like this:



- In respect of foreign IP Advisers the issue may be more complex
  - foreign lawyers advising on any legal subject matter in general already have the privilege accorded to communication between them and the Malaysian client as explained above.
  - one then has to argue from a policy perspective why foreign IP advisers (who are not lawyers) should also be granted privilege.

- The policy arguments here could be as follows:

- multi-jurisdictional nature of IP
- need for foreign expertise
- cost factor

- Multi-Jurisdictional Nature of IP

Very often the client may wish to file for IPR in more than one jurisdiction and this will naturally entail the use of foreign IP advisers with direct communication between the client and the foreign IP adviser. The logic is that such communication should be protected by privilege.

- Need for Foreign Expertise

Particularly in the field of patents where the subject matter may require a high degree of technical skill and knowledge, it is to be expected that foreign expertise such as from specialized patent attorneys may be sought. Again the direct communication between client and foreign IP Adviser should be protected by privilege. Furthermore there is also a need to protect in the

home country (Malaysia) the advice given by a Malaysian IP Adviser which is being considered by the same client's overseas IP Adviser.

- Cost Factor

From a cost perspective the local client would be put to greater expense if it has to pay 2 sets of fees (local lawyer and foreign IP Adviser) in order to ensure privilege for the IP advice from foreign IP Adviser.

In view of the above it is also submitted that communication between foreign IP Advisers and a local client should also be protected by privilege. However, the issue of the legal qualification of the foreign IP Adviser should also be taken into consideration. Accordingly privilege should only apply in respect of clients in their relationship with foreign IP Advisers where such privilege is recognized in their respective jurisdictions.

6. Scope of Privilege

It is submitted that the scope of lawyer-client privilege appear to be adequate and therefore it would suffice for amending legislation to merely state that the privilege to be extended to qualified IP Advisers should be of the same scope applicable to lawyers. This will also help streamline privilege laws and ensure the same standard for both lawyers and qualified IP Advisers.

7. Support for Proposed Treaty

Insofar as the proposed treaty would encompass (or is not inconsistent) with the above points, based on the arguments and issues raised it will be beneficial for Malaysia to enter into the proposed treaty which would allow for minimum standards for the recognition and application of privilege and the protection of clients' privilege in Malaysian legal advice when that advice is considered by the clients' IP Advisers overseas.