



AIPPI Submission to WIPO on WIPO Report SCP/12/3 – Privilege; protection against disclosure of communications relating to 'Intellectual Property Professional Advice', including Privilege

This Submission is in response to the invitation by WIPO by letter dated 24 July, 2008 of the then Deputy Director General, Francis Gurry. In the context of this Submission, that invitation relates to the Professional Privilege section of SCP/12/3.

The invitation by WIPO and the making of this Submission have a substantial previous history including AIPPI's proposal to WIPO for a treaty to be established on 'Intellectual Property Adviser Privilege' by letter to WIPO dated 26 July, 2005. That proposal was put forward by AIPPI as a working paper for consideration by WIPO as part of any further study of the topic, to be made by WIPO.

AIPPI refers to that Submission generally and in particular as to the urgency which now applies to this topic. What was urgent then is no less urgent now. AIPPI considers that an even greater case for urgency can be made now than applied then.

A further part of that history is the WIPO/AIPPI Conference on Client Privilege in Intellectual Property Professional Advice (CPIPPA) held in Geneva in May 2008 (http://www.wipo.int/meetings/en/details.jsp?meeting_id=15183). The papers submitted in that Conference are relied upon by AIPPI in making this Submission.

Many of the points established in that Conference are reflected in this Submission. We refer here in particular to the establishment of the following points but they are not exhaustive.

- There is an urgent need for harmonisation of national laws and the making of national laws to achieve protection against IP professional advice being forcibly disclosed.
- Private and public interests are aligned in support of providing Privilege or equivalent protection against such disclosure.
- There is also an urgent need to study national laws on employed lawyers ie those employed by companies (also called 'in-house lawyers') and patent attorneys employed by companies having Privilege or equivalent protection (as they already do in many countries) against forcible disclosure of their IP advice to their employers. (This issue is not dealt with by this Submission; it is the subject of investigation and study to be carried out by a Special Committee of AIPPI.)

1. Context

1.1 The Standing Committee on the law of Patents (SCP) is considering subjects for detailed study by WIPO. WIPO has invited submissions by third parties on the SCP Report – SCP/12/3. One of the subjects of that Report being considered for detailed study is Professional Privilege. AIPPI thanks WIPO (and through WIPO, the Member States) for the opportunity of making this Submission.

- 1.2 'Privilege' refers to the right of the client of an IP professional adviser not to have to disclose communications to and from that professional and third parties, relating to the obtaining and giving of advice by that professional to the client. Not all countries have Privilege. Many have other forms of protection against a person having to disclose their professional advice on intellectual property – viz professional secrecy or confidentiality. This point was reported in the Professional Privilege section of SCP/12/3.
- 1.3 Thus, work on the subject of 'Privilege' must reach out to the important and urgent need to resolve problems around the lack of harmony in national laws or the lack of national laws, and the mechanisms which apply to or should be applied for protection from disclosure of IP professional advice, generally.
- 1.4 This Submission applies to all forms of protection against disclosure of professional IP advice. So it includes not only the right of persons not to have to disclose their IP professional advice but also the effective facility which persons may have in a particular country which makes any attempt to force disclosure by the client practically worthless viz professional secrecy in France. To incorporate both aspects of protection (ie than 'Privilege' is alone), we use the acronym '**RFND**' which means 'right or effective facility for non-disclosure' of professional IP advice, in whatever form it may be.

2. Summary and Principal Submission

- 2.1 The present status of RFND and of national laws which fail to provide protection against persons having to disclose their IP professional advice, are at the heart of the problems which now apply.
- 2.2 The need which exists for creation of harmonised national laws on such protection is primarily one affecting the users of intellectual property but it also affects creators, developers, and those who market IP and the products and processes to which the IP relates.
- 2.3 There is also a need for action to support countries which do provide protection against disclosure but whose national laws in effect fail to achieve their intended effect, at the international level.
- 2.4 National protection from disclosure of communications between clients and their IP advisers in relation to and including IP advice, is widespread around the world.
- 2.5 The promotion and development of IP around the world involves transmission of IP advice obtained nationally (and documents incorporating or relating to that advice), to other IP advisers.
- 2.6 Where such IP advice is transmitted internationally, the effect of the national law of any country from which the advice originates is frequently not recognised overseas and thus, the communications protected nationally, not only lose their national protection, but they then have no protection against disclosure whether national or international.
- 2.7 As clients need to transmit IP communications internationally (eg in rationalising their advice from one country to another), the national law of each country needs international support if it is to be effective both nationally and internationally.
- 2.8 Any countries which presently do not protect IP professional advice from disclosure should be encouraged to apply such protection nationally, to obtain in their own countries the benefits recognised by those countries which provide such protection nationally. Those benefits include the client obtaining the best advice and the law being enforced by the correct advice being given to and applied by the client. A positive effect of 'best advice' can be reflected in the quality of the drafting of documents involved in registered IP. The matters referred to in this paragraph are where private and public interests are in this context, aligned.

- 2.9 For these reasons, AIPPI submits that it is essential that WIPO be mandated to study in detail, and urgently so, how harmonised national laws with international support can be made to achieve for IP professional advice, national and international protection from forcible disclosure.

3. 'Professional Privilege' in paragraphs 258-261 of the SCP/12/3 Report

- 3.1 The Report acknowledges in 260 that Privilege may be lost (in effect as described above). In 259, the Report acknowledges that protection from disclosure may take a form other than Privilege per se. Therefore, other forms of protection (viz professional secrecy) may likewise not be applied overseas and may be lost. The Report thus acknowledges the shortcomings of national laws and the effective discounting of national laws by non-recognition of national laws for Privilege and other forms of protection from disclosure, internationally.
- 3.2 It is these two problems (lack of recognition of national laws and inadequate national laws) which either alone or together produce the failure to meet the needs of users of the national and international systems of IP for protection against disclosure, in relation to their IP professional advice.

4. Further considerations in support of WIPO being mandated by the Member States to engage urgently in detailed study of RFND.

- 4.1 AIPPI urges the Member States to treat detailed study of RFND as a matter to be studied urgently by WIPO for the following further reasons.
- 4.2 In effect, the lack of international harmonisation of laws to support RFND (in particular the lack of application of minimum standards) means that in particular cases (some of which have been litigated and thus this point is proven), national laws have been found to be ineffective in relation to IP professional advisers who are overseas. Here when we refer to the need for support of effective "national laws", we mean, of course, the laws of particular Member States.
- 4.3 National laws have also been found by litigation to be less than is required to be fully effective locally (viz Australia). In Australia and Canada, the major pharmaceutical company Pfizer litigated in effect seeking to have recognised in those countries, protection from disclosure of documents relating to advice it obtained from an employee patent attorney in the UK. Notwithstanding that the documents were privileged from disclosure in the UK, the respective courts decided that the documents were not protected from disclosure in Australia and Canada. These cases are more fully described in the Canadian and Australian papers submitted in the WIPO Conference on Privilege in May 2008 (the citation for which is stated above).
- 4.4 These outcomes are contrary not only to the basic objectives of national laws but also the objectives of the Paris Convention (effective transfer of technology) and the need for trade in the subjects of IP.
- 4.5 Where the right of non-disclosure or the effective facility of non-disclosure is applied by national law of particular countries, the reasons given for their existence are usually similar from country to country. Such national laws are well-intended to serve the social and economic objectives of the particular country. If it happens to be a country which is a signatory of the Paris Convention (and most are), the RFND in place there in effect supports international transfer of technology and trade.
- 4.6 Ownership of IP frequently involves international registration of IP and international trade which follows from the obtaining of registered intellectual property rights in more than one country. Owners of such IP in many cases (ie companies) have legal duties to rationalise the advice which they obtain where there are differences in the advice received.
- 4.7 Even assuming that the IP rights being obtained or being enforced from one country to another are essentially the same, the national law positions on (for example) registrability, scope, construction,

validity and infringement are often different. IP claimants or owners *per force* have to accept those differences but they need to establish whether the differences are for substantial reasons and not just caused (for example) by misunderstandings or lack of instructions. The need for IP legal advice taking into account the differences (including in advice) from one country to another, is obviously one which has to be met. The persons involved frequently need to transmit their advice in relation to the one country to the IP professional advisers they have in another country, in meeting that need.

- 4.8 The loss of national effectiveness of RFND occurs for various reasons but they include most frequently that the qualifications of the IP professional in the one country are not recognised in another country as supporting the client/IP professional relationship which attracts Privilege in the first country.
- 4.9 Thus the good intentions of the national laws are lost because clients realising the risks referred to in the previous paragraph, cannot make full disclosure to their professionals for fear that their communications (or sensitivities relating to those) may be published. It is not surprising that clients adapt their commercial behaviour to avoid the risks (see Section 6 below). However, that behaviour is negative to what the national law intended to encourage – ie full disclosure between clients and their IP professional advisers.

5. Why detailed analysis by WIPO of RFND is required

- 5.1 Thus far the analysis made by WIPO as reflected in the SCP/12/3, has not (reportedly) reached out to a number of issues vital to solving the problems involved in this context. AIPPI foresees the need for detailed study of substantial issues to work out how to resolve the problems. AIPPI fully realises that WIPO itself will by the process of analysis come up against problems that AIPPI itself has not yet realised. Thus, any identification of the problems to be resolved by study at this stage cannot be complete.
- 5.2 AIPPI foresees the following matters (among others) to be pursued in detailed studies.
- (1) Can the differences between common law and civil law countries in relation to RFND be dealt with by a consensus on minimum standards, in a way which is practical to harmonise national laws of those countries on non-disclosure of IP professional advice.
 - (2) Assuming that protection against disclosure is to apply to such IP professional advice, to what in particular should it apply, how should that be described and thus, what is the acceptable minimum scope of such protection.
 - (3) How should the minimum standards required be described so that they appeal to and can be adopted by those countries which do not as yet provide protection by RFND.
 - (4) How should the qualifications of IP professional advisers be defined so as to fit the circumstances of as many countries as possible both as to their internal requirements and as to how they see their recognition of IP professional advisers overseas.
 - (5) Can a workable number of Member States embrace (as many have already) the need for RFND to promote for their social and economic benefit, full disclosure as between IP professional advisers and their clients, by adopting minimum standards for protection of IP advice against disclosure.
 - (6) What is the appropriate way to proceed – treaty or other form of international instrument.

6. In conclusion

- 6.1 AIPPI observes that it is impossible to quantify the cost to national economies of practices and devices now employed each day by clients and their IP professional advisers to overcome the shortcomings of national laws and international arrangements in this context. Those practices and devices are well known to IP professional advisers around the world. They include – never putting advice on sensitive topics in writing. Lack of communication is at odds with full disclosure. As well, this leaves clients well short of what they really need for certainty and for proof of responsibility of the advisers for the advice upon which the clients then act.
- 6.2 Thousands of hours of professional time are involved in trying to decide what is or what is not subject to RFND and the consequences of disclosure or non-disclosure of data which is potentially subject to RFND. These matters have to be resolved per force and are frequently an expensive diversion from resolving the essential issues which are important to the client and the public such as – entitlement, scope, validity and infringement of particular IP. Clients have had to litigate issues in trying to resolve what is and is not subject to RFND. This is not resolving what the clients and the public essentially need to know.
- 6.3 By analogy with a railway, the lack of certainty and the lack of harmony around the subject of protection from disclosure of IP professional advice means that users of the IP systems both nationally and internationally, incur enormous expense in relation to resolving issues that are not on the main line to what those users and the public need. This work in effect involves clients in expensive sidings.
- 6.4 IP professional advisers have empirical experience of clients who have simply decided not to trade or not to pursue enforcement in particular countries because that would risk disclosure of advice obtained in another country through lack of recognition of RFND in the particular country.
- 6.5 AIPPI commends to WIPO and the Member States its support of WIPO being mandated to analyse the problems and potential solutions to the differences between national laws on protection from disclosure of IP professional advice, in order for appropriate minimum standards to be developed and harmonisation of national laws to occur.

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