

Privilege – the perspective of companies,
including those with in-house IP counsel.

Talk to be given by Dr Michael Jewess (Chief Counsel, Intellectual Property, BAE SYSTEMS plc) on behalf of the International Chamber of Commerce at the “Conference on Client Privilege in Intellectual Property Advice” (organised by WIPO and AIPPI, Geneva 22-23 May 2008).

[S L I D E 1]

I'm here representing the International Chamber of Commerce, which is the world organisation for business. I personally am the Chief Counsel, Intellectual Property for BAE SYSTEMS, a defence company with a major presence in UK, USA, Saudi Arabia, Australia, and South Africa.

The ICC must commend WIPO and AIPPI for creating this forum in which matters can be discussed freely so as to allow WIPO to make an informed decision on whether or not to proceed with work on a Treaty or other international instrument.

[S L I D E 2]

Some preliminary general points. Point (i) on this slide. Legal professional privilege is of especial importance in intellectual property because intellectual property rights and intellectual property disputes tend to be international. Moreover, the law is sufficiently uniform that a comment made, for instance, by a French patent attorney about infringement or validity of a French patent is probably true for the corresponding UK or German patent and very possibly true of the corresponding US patent. This was important in the case Bristol-Myers Squibb v Rhône-Poulenc Rorer Inc. et al, which was an action taking place in USA.¹ The USA, being a common law country, has extensive discovery in Court actions and correspondingly has privilege to protect communications with attorneys. However, the US Courts respect privilege of legal advisers in other jurisdictions only to the extent that such privilege exists there. At the time (in 1998), there was no privilege for European Patent Attorneys in proceedings before the European Patent Office (this was not really necessary because of the way the EPO works) or before the French Courts so their advice, given to Rhône-Poulenc, was discoverable in the USA, presumably to Rhône-Poulenc's disadvantage. (In EPC 2000, which came into force in December 2007², an attempt was made to deal with this problem, but, like Anette Hegner who spoke yesterday, I think much more needs to be done.)

¹ 188, FRD, 189 (SDNY 1999)

² EPC 2000, implementing Regulations, Rule 153, made under Article 134a (1) (d).

Point (ii) in this slide. The European IP Enforcement Directive (2004/48/EC) has exported from the UK, a common law country, to the rest of Europe a practice of discovery specifically in relation to IP infringement. However, whereas the UK has a well-developed doctrine of legal professional privilege to counterbalance the discovery, some other European countries do not, because they have hitherto not needed it. But now, at least in relation to intellectual property, they do need it if clients are to be able effectively to seek and receive professional advice. This was amply confirmed by Wouter Pors' talk immediately preceding this one.

Therefore, at the very minimum, a WIPO Treaty needs to do two things:-

[S L I D E 3]

Firstly, it should require every State to specify one or more categories of local professional adviser whose clients benefit locally from legal professional privilege. This will be in the interests of its own citizens internationally, even if it is not very important locally. Even if there is little discovery locally, the existence of local privilege may be important abroad, as the Bristol-Myers Squibb case shows.

Secondly, the Treaty should require each State's Courts to do what the American Courts already do, and recognise privilege in other countries if it exists. There have been IP cases in Australia and Canada in which privilege in another country has not been respected.³ I think this was bad, and should be remedied. I hope that the Australian and Canadian Patent Offices would agree. After all, the present approach of Australian and Canadian Courts could damage an Australian or Canadian company with foreign advisers and litigating in Australia just like a foreign company. (We have heard that unilateral legislation is expected in Australia, while in Canada no legislation is proposed though an appeal is likely under the present law.)

Now to my specific topic – the perspective of companies, including those with in-house IP counsel.

As the top person in my company responsible for intellectual property, it is my job to procure for the company a full range of IP services. Those services will be procured in general by some combination of in-house counsel and external counsel – the balance varies markedly from company to company. Regardless of how those services are in fact procured, the range of services needed is at least as broad as is shown on this slide.

[S L I D E 4]

Of the five types of activity referred to on this slide, only (B) is very visible to Patent Offices, but (A) and (C) to (E) are very important to companies and

³ Lilly Icos LLC (and another) v Pfizer Ireland Pharmaceuticals, [2006] FC 1465; Eli Lilly & Company v Pfizer Ireland Pharmaceuticals (No.2) [2004] FCA 850.

moreover involve the creation of documents that may be very sensitive indeed and need the protection of privilege. (A) and (C) to (E) have powerful implications for a Treaty.

(A) on this slide: This work involves the IP adviser engaging in challenging and constructive discussions with inventors and commercial people (acting as a “devil’s advocate” in the way Dave Musker explained eloquently yesterday) so as to decide whether it is worthwhile to file patent and trade mark applications and in what territories. The protection of privilege for these discussions is important if they are not to be inhibited. Note also that the IP adviser will be advising on foreign law at this point without consulting foreign associates. For example, I as a UK patent attorney and European patent attorney will often give advice on Section 102 of the US patent statute or on the US law on business method patenting without referring to a US attorney.

(B) on the slide is self-evident; it’s about routine proceedings before Patent Offices.

(C) Advice is given on how intellectual property rights of third parties affect the commercial freedoms of the company, and on to what extent the intellectual property rights of the company can be usefully enforced against third parties. Again, challenging constructive discussions are needed, and it is not right that these should be inhibited by worries about whether or not they are privileged. Note that the rights under discussion will usually be international, and that all sorts of intellectual property rights may be involved (not just registered ones like patents and trade marks but also copyright, database rights, and so on). The law of confidential information, the law of contract, and competition law are very often involved.

(D) on this slide is very important. Companies need advice on ownership rights, e.g., on whether the right to patent an invention made by an employee belongs to the employer or not, or on whether the copyright in computer code or a report written by an employee belongs to the employer.

(E). Companies trade in intellectual property continuously, both by simple assignment or licensing of (for example) individual patents and trade marks, and in the course of research and development collaborations, consultancy, and mergers and acquisitions. These activities are international and involve contract and competition law as well as the law of scope and validity of IP rights.

Unless the WIPO Treaty is of the broad scope to deal with the issues on this slide, it will do little good for companies, who are of course the end users of the legal system.

Smaller companies obtain these services most commonly from in-house general lawyers combined with private practice, while larger companies like mine have a number of in-house IP-specialist attorneys as well. As a way of delivering the required services, in-house IP-specialist attorneys can be very economic and effective.

However, the way in which in-house advisers are treated in respect of privilege is of concern to companies and does need attention in a WIPO Treaty.

[S L I D E 5]

There is no problem before the Courts of UK and USA (and also before the EPO since EPC 2000 came into force in December 2007). The clients of in-house advisers benefit from privilege just as those of private practice advisers do. In UK, USA, and before the EPO, in-house advisers are subject to the same disciplinary regulation as private practice advisers, and are therefore independent and therefore their clients enjoy privilege even if they are also their advisers' employers. As an example of independence, I as a European Patent Attorney must refuse a request from my employer to lie on its behalf, because if I did lie, I would be breaching the European Patent Institute Rules⁴ and therefore would risk action against me by the European Patent Institute, and major damage to my entire career.

But (for example) the German Court, and the European Court of Justice in relation to competition investigations,⁵ presume that in-house advisers do not have such independence and these Courts can order communications with in-house advisers to be disclosed. In the case of the European Court of Justice, this will be reviewed shortly in the appeal in the Akzo Nobel case, and I hope the position will change.

Now, to take account of all the concerns I have raised, what do I think is necessary in a WIPO Treaty beyond the bare minimum I set out earlier?

[S L I D E 6]

Here is the bare minimum again. Point 1 was that each State should specify categories of local advisers whose clients enjoy local privilege. I think that this needs to be expanded as follows. (a) [*animate*] each state ought to specify all general lawyers in its territories (e.g. solicitors in UK, avocats in France, Anwälte in Germany) and also (b) [*animate*] all the relevant local IP specialists, both to the extent the State feels they are subject to sufficient disciplinary regulation. Also (c) [*animate*], all EPC states ought to specify resident European patent attorneys. Now this point (c) could be very important in practice, because while not all States may have national IP specialists whom they feel are subject to sufficient disciplinary regulation to justify being specified, they must surely acknowledge that European patent attorneys do justify privilege for their clients. This would be very useful because most IP advisers in EPC States are European patent attorneys, regardless of any local qualification they may also have. Moreover, the disciplinary regulation applied to European patent attorneys does not

⁴ EPI Regulations on Discipline, Article 1(1).

⁵ Akzo v the Commission of the European Communities, joined cases T-125/03 and T-253/03 (17 September 2007), being appealed to the ECJ.

discriminate between in-house and private practice attorneys, so that in-house European patent attorneys would logically be covered.

Now to the second “bare minimum” point: “Each State’s Courts should respect the privilege in other States”. In addition, I think [*animate*] (a), each State, regardless of whether it discriminates between in-house advisers and private practice ones, must respect the decision of another State not to discriminate.

Further [*animate*], (b) all signatories to the Treaty must give the benefit of privilege to the clients of European patent attorneys resident in foreign EPC States (including the employers of in-house attorneys).

What is also needed in the Treaty is that the range of communications that are privileged should be broad enough to protect the wide range of matters which I described before.

A possible model is Section 280 of the UK Copyright, Patents & Designs Act, which I think this is a lot better as a starting point than the provision in EPC 2000. Even Section 280 is not perfect, and I have some suggestions for improvement. This is the wording of the UK Act as it is today.

[S L I D E 7]

First, a bit of praise [*animate*]. Note that it refers to a communication relating to protection of an invention without specifying where the protection is being sought. Thus, for instance, advice given relating to US or French protection is privileged, even if the person giving the advice is a UK resident and qualified person.

However, [*animate*], I think the phrase “the protection of” should be deleted, as it may exclude advice on ownership or licensing, for instance. Also [*animate*], the various other IP rights should be added.

Also [*animate*], “passing off” is a very English legal term, and “unfair competition” – the nearest equivalent in Continental Europe and other countries – should be added.

Another point [*animate*], is that the word “communications” only implicitly covers documents like drafts and notes made preparatory to communication, but not communicated as such. This needs to be made explicit (in fact Section 280 is due to be amended in this respect.)⁶

I do not think that even my broad wording goes beyond what one could properly put into a WIPO treaty. It would not cover non-IP advice on a contract relating to the sale of a product, for instance. In principle, I think it would be better if such communications were also privileged, but I have to be

⁶ Legal Services Act 2007, Schedule 21, paragraph 77 and Schedule 23.

realistic about what one can achieve in a World Intellectual Property Organisation Treaty.

Putting this all together, the next three slides set out ICC's position on what a WIPO Treaty should contain. I have hard copies of these slides, all on a single sheet, for any one who wishes to take them away now. To summarise, this is the ICC position:-

[Read out (i) to (iii) from **Slides 8 to 10.**]

Finally, I would draw two relatively technical points to your attention which are not covered on the previous three slides. They are important, but not I think contentious.

First, so far, I have drawn the distinction between advisers who advise their employers and those who are in private practice. In fact, in-house advisers work not only for their employers but also for related enterprises such as I have set out on this slide [**S L I D E 11**], for instance companies in the same group.

Secondly, the categories of people who will be specified as giving their clients the benefit of privilege must be allowed to supervise others in their work without the protection of privilege being lost. I'm thinking especially [**S L I D E 12**] of paralegals, trainees, secretaries and contractors.

Thank you very much for listening.

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