

## **Standing Committee on the Law of Patents**

**Eighteenth session**  
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### **APPROACHES AND POSSIBLE REMEDIES TO CROSS-BORDER ASPECTS OF CONFIDENTIALITY OF COMMUNICATIONS BETWEEN CLIENTS AND PATENT ADVISORS**

*Document prepared by the Secretariat*

#### **INTRODUCTION**

1. Following the decisions of the Standing Committee on the Law of Patents (SCP) at its twelfth and thirteenth sessions, held from June 23 to 27, 2008, and January 25 to 29, 2009, respectively, in Geneva, the Secretariat had prepared two preliminary studies with respect to the client-patent advisor privilege (documents SCP/13/4 and SCP/14/2).
2. Document SCP/13/4 provided some examples of the legal situations in various countries describing the differences between the civil law and common law systems, addressed issues arising in the international context, and contained some of the options for solutions that had been discussed at the international level.
3. Document SCP/14/2 expanded the information on the legal situation in various jurisdictions in a country study, examined the international dimension as contained in various provisions contained in international instruments such as the Paris Convention, the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement) and the General Agreement on Trade in Services (GATS), provided various arguments in relation to the rationale behind the client-patent advisor privilege, summarized the key findings and illustrated examples of potential areas for future work.
4. Pursuant to the decision of the SCP at its fifteenth session held from October 11 to 15, 2010, in Geneva, the Secretariat prepared document SCP/16/4 Rev. which brought together those two studies with the intention to assist the Committee in further exploring the topic. It summarizes the major points discussed at the previous sessions, and provides further analysis in respect of those points. Based on that analysis, the study suggests that the

Committee could come to some common understanding that might become the basis for pursuing the topic further. Finally, the study presents a non-exhaustive list of subjects that might be relevant to the discussions on this subject at the international level.

5. At its sixteenth session held from May 16 to 20, 2011, in Geneva, the SCP requested the Secretariat to gather information about national and regional practices regarding cross-border aspects of confidentiality of communications between clients and patent advisors, including, *inter alia*: (i) national laws and rules dealing with cross-border aspects of confidentiality of communications between clients and patent advisors; (ii) problems in relation to cross-border aspects of confidentiality of communications between clients and patent advisors; and (iii) remedies that are available in countries and regions to solve the problems that remain at the national, bilateral, plurilateral and regional levels.

6. Accordingly, document SCP/17/5 was submitted by the Secretariat to the seventeenth session of the SCP, held from December 5 to 9, 2011, in Geneva. Following some discussions, the SCP decided that the Secretariat would expand document SCP/17/5 to explain approaches to cross-border issues and possible remedies identified in the area of confidentiality of communications between clients and patent advisors. Consequently, the current document is submitted to the consideration of the Committee at its eighteenth session to be held from May 21 to 25, 2012, in Geneva.

7. It is recalled that, at the sixteenth session of the SCP, some delegations stated that this issue was a matter of national law, and recognizing the differences in national law and procedure, the Chair stated that the Committee felt that there was no consensus on international norm-setting or on a set of common principles at that stage.<sup>1</sup> For the purpose of a comprehensive explanation of the approaches to cross-border issues and of possible remedies in this area, this document briefly addresses the options of an international norm or a set of common principles as potential legal mechanisms for solving the cross-border issues. However, this does not imply the feasibility or acceptance by Member States of such mechanisms.

## **OVERVIEW OF THE NATIONAL LAWS REGARDING CONFIDENTIALITY OF COMMUNICATIONS BETWEEN CLIENTS AND PATENT ADVISORS**

### **CONFIDENTIALITY AT THE NATIONAL LEVEL**

8. Most countries impose confidentiality obligations on patent advisors either under national legislations or under codes of conduct set by professional associations or pursuant to governmental regulations. In general, the duty of confidentiality requires patent advisors not to disclose any information in relation to their advice obtained in the course of exercising their professional duties. However, there are a few countries where such obligation does not exist.

9. In common law countries, the issues at stake inherently relate to a specific privilege in court proceedings with regard to discovery.

- (i) Some common law countries recognize a privilege in respect of communications between non-lawyer patent advisors and their clients, similar to the client-attorney privilege.
- (ii) However, in some other common law countries, communications between non-lawyer patent advisors and their clients are not privileged.

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<sup>1</sup> See document SCP/16/8, paragraph 17.

10. In civil law countries, the issue is addressed by a professional secrecy obligation generally contained in civil codes and criminal codes.

- (i) In many civil law countries, the right to refuse to testify in court on a matter covered by the professional secrecy obligation and/or to produce documents that contain information covered by the professional secrecy obligation is not applicable to non-lawyer patent advisors.
- (ii) However, in some civil law countries, in principle, communications with non-lawyer patent advisors are also protected from disclosure during court procedures.
- (iii) Some of the civil law countries that protect the confidentiality of communications with non-lawyer patent advisors have reformed the law of evidence or the IP law to expressly state the right to refuse both testimony and production of documents.

#### CONFIDENTIALITY AT THE INTERNATIONAL LEVEL

11. As regards the recognition of foreign evidentiary privilege in general, in 2004 the Governing Council of UNIDROIT adopted the *Principles of Transnational Civil Procedure* prepared by a joint American Law Institute/UNIDROIT Study Group.<sup>2</sup> The Principles served as guidelines for national law projects and reforms, and consist of 31 provisions, which aim at reconciling differences among various national rules of civil procedure, taking into account the peculiarities of transnational disputes. Article 18 deals with evidentiary privileges and immunities, and states that “effect should be given to privileges, immunities, and similar protections of a party or non-party concerning disclosure of evidence or other information”. The comments to that Article note that privileges protect important interests, but they can impair the establishment of the facts. They highlight the differences of the conceptual and technical bases of the privileges from one system to another and the choice-of-law problems in applying such rules.

12. Regarding the confidentiality of communications between clients and patent advisors specifically, most countries do not provide laws and rules dealing with cross-border aspects.

- (i) Among the countries where the confidentiality of communications with national patent advisors is recognized at the national level, there are some where the confidentiality of communications with foreign patent advisors is not recognized due to the fact that, for example, they are not registered under the respective national law or are not admitted to the bar.
- (ii) However, in a few countries, communications with foreign patent advisors, even if they are non-lawyers, are also excluded from forcible disclosure.
- (iii) In most civil law countries, there is no practical experience with cross-border aspects of confidentiality of communications between clients and patent advisors, as there are no pre-trial discovery proceedings which might force disclosure of confidential information. However, the patent advisors in those civil law countries could be subject to a cross-border discovery in some common law countries, independently of the protection of confidentiality provided by their home country. Some civil law countries have explicitly established the privilege or secrecy obligation of non-lawyer patent advisors by statute in order to facilitate the recognition of the privilege in the courts of certain common law countries.

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<sup>2</sup> ALI / UNIDROIT Principles of Transnational Civil Procedure:  
<http://www.unidroit.org/english/principles/civilprocedure/main.htm>.

## ISSUES IN RELATION TO CROSS-BORDER ASPECTS

13. There are significant differences in both the substantive law of privilege, i.e., the scope of the confidentiality of communications between clients and patent advisors, and the choice of law/international private law rules, which determine whether the substantive law of privilege of a foreign country is recognized by the courts. While the substantive law deals with the scope of confidentiality, the choice of law rules address the international recognition of a foreign privilege or secrecy obligation law.

14. The following problems have been identified in relation to the cross-border aspects of confidentiality of communications between clients and patent advisors:

- (i) Communications with national patent advisors can become subject to forcible disclosure in litigation in other countries, which, *inter alia*, puts national patent advisors in a competitive disadvantage compared to certain foreign patent advisors.
- (ii) The lack of explicit laws and rules dealing with cross-border aspects of confidentiality brings uncertainty as to whether the courts are bound to accept, at the national level, confidentiality arising under the law of other jurisdictions. In addition, where the treatment of communications with foreign patent advisors is decided by local courts on a case-by-case basis, the outcome may be unpredictable. The decision on the recognition of foreign privileges by courts on a case-by-case basis imposes additional costs for parties to argue the case. In addition, the parties have to fight over procedural questions and spend their resources on those before addressing the substantive issues.
- (iii) Where the confidentiality of communications with national non-lawyer patent advisors is not recognized at the national level, the national courts are not required to recognize confidentiality of communications with non-lawyer foreign patent advisors on the basis of judicial comity.
- (iv) Even if the national law recognizes the confidentiality of communications with foreign patent advisors, that law does not guarantee that the national patent advisors will be protected against forcible disclosure of their communications with clients in litigation in foreign countries.
- (v) Practical measures to avoid forcible disclosure of confidential communications in a cross-border context, such as the limitation to oral communications and the co-signature of documents with a lawyer and a non-lawyer patent advisor, are not seen as being always efficient and may increase the cost of providing IP advice.

## APPROACHES TO CROSS-BORDER ASPECTS

15. Document SCP/17/5 provides national laws and rules dealing with cross-border aspects of confidentiality of communications between clients and patent advisors from a number of common law and civil law countries (see paragraphs 8 to 26 of that document). Instead of reproducing those paragraphs, it may suffice to state that the applicable laws of the different countries take different approaches to the cross-border aspects of the client patent advisor privilege. Some common law countries recognize the foreign privilege as part of the choice of law rules. Other common law countries apply the law of the courts and therefore, deny foreign privileges. Some other common law countries expressly extend the principle of privilege to foreign patent attorneys through express provisions in the patent law or evidentiary law.

16. Most civil law countries do not face any problems regarding the cross-border aspects of the confidentiality of communications between clients and foreign patent advisors in their function as a host country, as those communications are generally under a secrecy obligation and are not subject to discovery in court. However, some non-lawyer patent advisors of those civil law countries have faced a loss of confidentiality of communications with their clients in foreign countries, in particular, in common law countries. In order to alleviate the problem, some of those countries have, therefore, expressly regulated the secrecy obligation of patent attorneys, including withholding documentation, with the aim of obtaining the foreign recognition of confidentiality in common law countries. Such an approach, however, is not effective in common law countries which categorically deny the foreign privilege or secrecy obligation to non-lawyer patent advisors.

17. The following paragraphs describe different approaches to cross-border aspects.

#### RECOGNITION OF FOREIGN LAW

18. The recognition of foreign privileges or secrecy obligations is practiced in some States of the United States of America as part of the choice of law/international private law rules. In terms of the recognition of foreign patent attorney/agent privileges, two main approaches have been adopted across the federal district courts based on either the non-choice of law or the choice of law approach. Under the non-choice of law approach, no privilege for a foreign patent practitioner is recognized, because he or she is neither a US attorney nor the agent or immediate subordinate of an attorney. Most courts, however, use the choice of law approach, which is based on either the "Touching Base" approach, the "Comity Plus Function approach" and the "Most Direct and Compelling Interest approach". Under the Touching Base approach, communications with foreign patent agents regarding assistance in prosecuting foreign patent applications may be privileged if the privilege applies under the law of the foreign country in which the patent application is filed and that law is not contrary to the public policy of the United States of America.<sup>3</sup>

19. The above discussion shows how complicated the situation in the United States of America is in dealing with attorney-client privilege, especially in relation to patent attorneys and patent agents. Attorney-client privilege is generally extended to patent attorneys and, in limited circumstances, to patent agents who provide legal advice to clients. The law is not settled on the treatment of patent agents, as decisions are rendered on a case-by-case basis and depend on the treatment of a request for privilege by the court. Attorney-client privilege may exist in normal circumstances, that is, in legal communications between an attorney and his or her client in the attorney's legal professional capacity. The patent attorney privilege may be lost if the legal advice is sought for the purpose of committing crime or fraud. The privilege may also be lost by the clients' waiver.

20. In the *Bristol-Myers Squibb Co. v. Rhone-Poulenc*<sup>4</sup> case in 1999, the New York District Court did not recognize the client-patent attorney privilege of a European professional representative, since the confidentiality of communications was not expressly contained in the French statutory law. The court held that the Institute of Professional Representatives before the European Patent Office's (epi) Disciplinary Rule on secrecy did not provide European patent attorneys the equivalent of the US attorney-client privilege. Consequently, the entire contents of the files of the European patent attorney of a French company were ordered to be produced in court. Similarly, privilege for IP advice made by Japanese patent attorneys has been denied by US courts, as in the case *Honeywell v. Minolta* in 1986, where all communications made by the Japanese patent attorneys were forcibly disclosed. However, after the amendment to the

<sup>3</sup> See *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169-71 (D.S.C. 1975).

<sup>4</sup> *Bristol-Myers Squibb Co. v. Rohen-Pulenc Rorer Inc.*, 52 U.S.P.Q.2d 1897, 188 F.R.D. 189 (U.S. District Court, Southern New York, 1999) ["Rhone-Poulenc"].

Japanese Code of Civil Procedures in 1996, which gave patent attorneys the right to refuse to testify with regard to any facts that are under professional secrecy obligation and to produce documents containing those facts, in the decision *Eisai Ltd. C. Dr. Reddy's Laboratories*<sup>5</sup>, the New York District Court recognized the confidentiality of communications between a client and a Japanese non-lawyer patent agent as privileged according to the principle of judicial comity. Still, it was considered that comity was subject to overriding U.S. policy considerations.

21. This approach of recognizing foreign law based on conflict of laws/international private law could be seen as generating appropriate results, leaving sufficient flexibility to each national jurisdiction concerning the substantive law of evidence or IP law. In the absence of international standards, it provides for a remedy which takes into account national realities. However, it might trigger additional costs for the examination of foreign law and increases legal uncertainty. As the case *Rhone-Poulenc* based its decision on the non-existence of patent advisor privilege in the statute, it provided for some incentives, in civil law countries, to set national statutory standards as a necessary element for foreign recognition by countries following such an approach.<sup>6</sup>

22. A similar approach has been chosen by other common law countries, such as South Africa. The communications between a local and a foreign patent advisor are considered to be privileged in South Africa if the communications were made for the purpose of giving or receiving legal advice to, or from, a particular client. The communications between clients and a foreign patent advisor are considered to be privileged if the representative of the client acting on the client's behalf is a legal advisor and the communications were made for the purpose of obtaining legal advice from the foreign patent advisor. If the representative of the client is not a legal advisor, the position is not entirely clear, since courts have not expressed a clear position on that issue.

#### APPLICATION OF DOMESTIC LEX FORI

23. Some common law countries apply the domestic law of evidence (*lex fori*) for determining whether the foreign patent advisor is covered by the privilege. In this case, the foreign patent attorney regularly faces loss of confidentiality of the communications with his client as she or he is not registered in that country.

##### *Australia*

24. In Australia, the requirement for a "registered patent attorney" was established by the Federal Court of Australia in *Eli Lilly & Co. v. Pfizer Ireland Pharmaceuticals* (2004), 137 F.C.R. 573 (Federal Court of Australia) ["*Eli Lilly & Co*"]. The privilege for communications with a registered patent attorney was confined to communications with an attorney registered in Australia. The court based its decision on the limitation of the scope of the statutory privilege to registered patent attorneys. However, a 2011 Bill in Australia proposes to extend the privilege to foreign patent advisors by statute.

##### *Canada*

25. The privilege of foreign patent advisors is not recognized in Canada. In *Lilly Icos LLCs v. Pfizer Ireland Pharmaceuticals* (2006), 2006 FC 1465, the Federal Court of Canada decided not to recognize the privilege despite the fact that the communications between clients and patent attorneys were considered privileged in the United Kingdom under Section 280 of the U.K.

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<sup>5</sup> *Eisai Ltd. V. Dr. Reddy's Laboratories Inc.*, 77 U.S.P.Q. 2d 1854, 406 F. Supp. 2d 341 (U.S. District Court, Southern New York 2005).

<sup>6</sup> See, for example, the amendments made in national laws of France, as well as the Implementing Regulations to the European Patent Convention.

Copyright, Designs and Patents Act 1988. The confidentiality of communications was not recognized even if they took place in the United Kingdom. The Canadian Court stated that judicial comity between countries did not require Canada to recognize a privilege not established in Canada. Differently from the Australian case, Canadian patent attorneys do not benefit from a privilege. Therefore, the recognition of a foreign client-patent advisor privilege would go beyond the mere extension of a national privilege to foreign patent advisors. Rather, it would be the recognition of a new privilege not recognized under national law. While the domestic law leaves little ambiguity with respect to cross-border aspects, the categorical denial of privilege for domestic and foreign non-lawyer patent advisors might not necessarily encourage obtaining legal advice from them in the Canadian IP system.

#### *United Kingdom*

26. Based on the wording of Section 280 of the Copyright, Designs and Patents Act 1988, it appears that patent agent privilege is confined to communications with patent agents registered in the United Kingdom or persons on the European List (i.e. European patent attorneys) only. There is no recent case law regarding the possible application of privilege to foreign patent attorneys.

#### EXTENSION OF PRINCIPLES OF SUBSTANTIVE LAW

27. In two common law countries, the domestic law of evidence or patent law provides, or may provide in the future, the extension of the substantive principle of privilege to foreign patent advisors. In recognizing the foreign client-patent advisor privilege, the courts of those countries must review either: (i) whether the functions of overseas patent advisors “correspond” to those of a registered patent attorney (New Zealand); or (ii) whether a foreign patent advisor is “authorized” to do patents work under the law of his/her country (The Intellectual Property Laws Amendment Bill of Australia).

#### *Australia*

28. The Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 proposes amendments to the Patents Act which will extend the existing client-patent attorney privilege to foreign patent attorneys. This would be achieved by expanding the definition of ‘patent attorney’ to include an individual authorized to do patents work under the law of another country or region. No further criteria are mentioned in the Bill. However, the privilege will only apply to the extent that the attorney is authorized to provide intellectual property advice. Consequently, communications with a foreign patent attorney relating to trade marks or other rights will be privileged only if the attorney is authorized to do that work in his home country in addition to patents work. Methodologically, the Bill extends the principle of the client-patent attorney privilege to foreign advisors in IP law and not in evidentiary law.

29. The Bill suggests that subsection 200(2) of the Patents Act be revised as follows:

“(2) A communication made for the dominant purpose of a registered patent attorney providing intellectual property advice to a client is privileged in the same way, and to the same extent, as a communication made for the dominant purpose of a legal practitioner providing legal advice to a client.

“(2A) A record or document made for the dominant purpose of a registered patent attorney providing intellectual property advice to a client is privileged in the same way, and to same extent, as a record or document made for the dominant purpose of a legal practitioner providing legal advice to a client.

“(2B) A reference in subsection (2) or (2A) to a registered patent attorney includes a reference to an individual authorized to do patents work under a law of another country or region, to the extent to which the individual is authorized to provide intellectual property advice of the kind provided.”

### *New Zealand*

30. The New Zealand Evidence Act 2006, which came into force on August 1, 2007, strengthens the statutory privilege which protects communications between registered patent attorneys and their clients (also known as “patent attorney privilege”). The privilege also covers in-house lawyers.

31. Section 54 of the Evidence Act 2006 states:

“Privilege for communications with legal advisors

“(1) A person who obtains professional legal services from a legal advisor has a privilege in respect of any communication between the person and the legal advisor if the communication was-

- (a) intended to be confidential; and
- (b) made in the course of and for the purpose of-
  - (i) the person obtaining professional legal services from the legal advisor; or
  - (ii) the legal advisor giving such services to the person.

“(2) In this section, professional legal services means, in the case of a registered patent attorney or an overseas practitioner whose functions wholly or partly correspond to those of a registered patent attorney, obtaining or giving information or advice concerning intellectual property.

“(3) In subsection (2), intellectual property means one or more of the following matters;

- (a) literary, artistic, and scientific works, and copyright;
- (b) performances of performing artists, phonograms, and broadcasts;
- (c) inventions in all fields of human endeavor;
- (d) scientific discoveries;
- (e) geographical indications;
- (f) patents, plant varieties, registered designs, registered and unregistered trade marks, service marks, commercial names and designations, and industrial designs;
- (g) protection against unfair competition;
- (h) circuit layouts and semi-conductor chip products;
- (i) confidential information;
- (j) all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.”

32. In New Zealand, the privilege applies to communications between a legal advisor and his or her client, where the legal advisor is acting in his or her professional capacity, the communication is intended to be confidential, and the communication is for the purpose of obtaining legal advice. The protection of legal professional privilege may be lost in two circumstances, namely express waiver and implied waiver. Professionals who make unauthorized disclosure may have to face disciplinary proceedings.

33. Due to the Order in Council of August 7, 2008 issued under the Evidence Act 2006, New Zealand extends the legal professional privilege to communications between a client and his or her foreign legal advisor, including foreign patent attorneys from more than 85 countries, as long as the communications are intended to be confidential and are made in the course, or

for the purpose, of obtaining or giving information concerning intellectual property. In New Zealand, a patent attorney is a person that has specialized qualifications to act as a professional intermediary between clients and the Intellectual Property Office of New Zealand. Patent attorneys deal with intellectual property, specifically, patents, trademarks, and designs. In practice, patent attorneys also deal with other aspects of intellectual property law, such as copyright, trade secrets and plant variety rights.

34. The criterion of the corresponding functions of foreign practitioners in the evidence law of New Zealand shows that the provision recognizes the foreign principle through a statutory extension. It provides a kind of mixed solution between the recognition of foreign law and the extension of domestic principles of privilege by recognizing the foreign privilege through statute, if the functions of the foreign patent advisors, determined by the respective foreign law, correspond to those of New Zealand patent attorneys. The list of countries under the Order in Council provides for some form of legal certainty as regards the interpretation of the “corresponding” functions of foreign patent attorneys under the respective foreign law.

#### CIVIL LAW COUNTRIES – LACK OF DISCOVERY PROCEEDINGS AND FACILITATING THE RECOGNITION OF THEIR LAWS IN FOREIGN COURTS

35. In civil law countries, the confidentiality of communications between certain professionals and their clients is widely recognized in both criminal and civil procedures. The confidentiality of the communications is protected by professional secrecy, and the law of civil procedure does not provide for a discovery procedure or forcible disclosure of documents. Therefore, there is not much experience in respect of the client-patent attorney privilege in those countries, since, apart from a few exceptions, there is in general no forcible disclosure of documents affecting the confidentiality of client-patent attorney communications.

36. At the national level, some civil law countries extend the secrecy obligation, which primarily exists for legal advisors, to national patent advisors. As the procedural law of civil law countries does not provide for discovery proceedings, very few cross-border problems relating to privilege or professional secrecy of foreign patent advisors have arisen.

37. However, patent attorneys from civil law countries may face discovery in other common law countries, if, in particular, the privilege or secrecy obligation is not clearly defined by statute. Consequently, confidential IP advice from such patent attorneys might not be recognized by a foreign court, such as the US courts. In order to avoid such a situation, some civil law countries have amended their legislation as to clarify the client-patent attorney privilege. Those amendments have been made either in the Code of Civil Procedure or in the Intellectual Property Code.

38. In France, the Intellectual Property Code R.422-54 (2°) was amended to expressly provide for a professional secrecy obligation of patent advisors. Article L422-11 (inserted by Act No. 2004-130 of 11 February 2004, Article 67, Official Journal of February 12 2004) states:

“In any matter and for all the services mentioned under Article L. 422-1, the industrial property attorney shall observe professional secrecy. Consultations addressed or intended for customers, professional correspondences exchanged with customers, fellow-members or attorneys-at-law, notes of meetings and, more generally, all documents of the file shall be subject to professional secrecy.”

The motivation for passing this legislation was to avoid the forcible disclosure of communications with industrial property attorneys in foreign courts, as in the case *Bristol-Myers Squibb Co. v. Rhone-Poulenc* in 1999.<sup>7</sup>

39. At the regional level, the case *Bristol-Myers Squibb Co. v. Rhone-Poulenc* motivated the European Patent Office (EPO) to amend the European Patent Convention to which the US domestic law refers to decide whether attorney-client privilege applies to communications between a European patent attorney and his client. With a view to protecting – in the course of US proceedings – the confidentiality of communications between European patent attorneys and their clients, a new provision, Rule 153, was introduced in the Implementing Regulations to the European Patent Convention (EPC)<sup>8</sup>, as follows:

“Rule 153: Attorney evidentiary privilege

“(1) Where advice is sought from a professional representative in his capacity as such, all communications between the professional representative and his client or any other person, relating to that purpose and falling under Article 2 of the Regulation on discipline for professional representatives, are permanently privileged from disclosure in proceedings before the European Patent Office, unless such privilege is expressly waived by the client.

”(2) Such privilege from disclosure shall apply, in particular, to any communication or document relating to:

- (a) the assessment of the patentability of an invention;
- (b) the preparation or prosecution of a European patent application;
- (c) any opinion relating to the validity, scope of protection or infringement of a European patent or a European patent application.”

The new rule created a European patent attorney-client privilege applicable in EPO proceedings, modeled after the evidentiary privilege existing in the United States of America.<sup>9</sup> However, it is unclear whether and how the privilege will be recognized under national laws of the EPC Member States, if the disclosure of the relevant privileged communication becomes an issue in national court proceedings.

40. In Japan, following the amendment of the Code of Civil Procedure<sup>10</sup> in 1996, where a patent attorney is examined, as a witness, with regard to any fact that he/she has learned in the course of his/her professional duties and which should be kept as secret information, he/she can refuse to testify, in accordance with Article 197(1)(ii) of the Code of Civil Procedure as follows:

“Article 197

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<sup>7</sup> French Senate, Ordinary Session 2002-2003, Document No : 176, Title 7 (Réforme du statut de certaines professions judiciaires ou juridiques, des experts judiciaires et des conseils en propriété industrielle, N° 176, SÉNAT, SESSION ORDINAIRE DE 2002-2003, Annexe au procès-verbal de la séance du 12 février 2003).

<sup>8</sup> Basic Proposal for the Revision of the European Patent Convention (MR/2/00), October 13, 2000, Munich, page 191.

<sup>9</sup> *Ibid.*

<sup>10</sup> Code of Civil Procedure (Act No.109 of June 26, 1996, as last amended by Act No. 95 of June 27, 2007).

“(1) In the following cases, a witness may refuse to testify:

- (i) the case set forth in Article 191(1);
- (ii) cases where a doctor, dentist, pharmacist, pharmaceuticals distributor, birthing assistant, attorney at law (including a registered foreign lawyer), patent attorney, defense counsel, notary or person engaged in a religious occupation, or a person who was any of these professionals is examined with regard to any fact which they have learnt in the course of their duties and which should be kept secret;
- (iii) cases where the witness is examined with regard to matters concerning technical or professional secrets.

“(2) The provision of the preceding paragraph shall not apply where the witness is released from his/her duty of secrecy.”

41. Further, in accordance with Article 220(iv) which provides exceptions to the general duty to produce documents, the owner of certain documents that contain facts subject to the professional secrecy referred to in Article 197(1)(ii), which includes documents that contain information covered by the professional secrecy obligation imposed on patent attorneys, may refuse the submission of such documents, as follows:

“Article 220

“In the following cases, the holder of the document may not refuse to submit the document:

“ [...]”

“(iv) In addition to the cases listed in the preceding three items, in cases where the document does not fall under any of the following categories:

- (a) A document stating the matters prescribed in Article 196 with regard to the holder of the document or a person who has any of the relationships listed in the items of said Article with the holder of the document;
- (b) A document concerning a secret in relation to a public officer's duties, which is, if submitted, likely to harm the public interest or substantially hinder the performance of his/her public duties;
- (c) A document stating the fact prescribed in Article 197(1)(ii) or the matter prescribed in Article 197(1)(iii), neither or which are released from the duty of secrecy;
- (d) A document prepared exclusively for use by the holder thereof (excluding a document held by the State or a local public entity, which is used by a public officer for an organizational purpose);
- (e) A document concerning a suit pertaining to a criminal case or a record of a juvenile case, or a document seized in these cases”

42. In Switzerland, the new Patent Attorney Act entered into force on July 1, 2011, providing professional secrecy obligations for patent attorneys, and the professional secrecy guaranteed by the Swiss Criminal Code was extended to patent attorneys. Further, according to the new law on the Federal Patent Court, which will fully enter into force on January 1, 2012, a registered patent attorney can represent a party before the Federal Patent Court. As a procedural counterpart, the new Code of Civil Procedure provides that patent attorneys may refuse the production of evidence that is subject to professional secrecy.

Section 3, Article 10 of the Patent Attorney Act states:

“Section 3: Professional Confidentiality

Article 10

(1) Patent attorneys are obliged to maintain confidentiality concerning all secrets that are entrusted to them in their professional capacity or which come to their knowledge in the course of their professional activities, this obligation being unlimited in time.

(2) They must ensure that persons assisting them maintain professional confidentiality.”

The law on the Federal Patent Court states:

“Section 3: Representation of Parties

Article 29

(1) In proceedings concerning the validity of a patent, patent attorneys may also represent parties before the Federal Patent Court as provided for in Article 2 of the Patent Attorney Act of 20 March 2009 provided that they engage in independent practice.

(2) Proof of independent practice as a patent attorney shall be furnished by way of suitable documentation at the request of the Federal Patent Court.”

## **POSSIBLE REMEDIES IDENTIFIED WITH RESPECT TO THE CROSS BORDER ISSUES**

43. In the context of the cross-border aspects of preserving the confidentiality of communications between patent advisors and their clients, the issues described above arise, in principle, where the following two conditions are simultaneously met:

- (i) the national procedural law provides a mechanism (discovery proceedings or any other similar proceedings) that obliges the production of information with respect to confidential IP advice by patent advisors to a court;
- (ii) the national law does not fully recognize the privilege of IP advice given by foreign patent advisors.

In those circumstances, confidential IP advice given by a patent advisor may be kept secret in some jurisdictions, but risks forcible disclosure in others. In order to remedy this situation, a mechanism could be envisaged under which the confidentiality of IP advice by patent advisors is recognized beyond the national border.

44. In order to achieve a seamless cross-border recognition of confidentiality, it may be useful to consider two aspects, i.e., the standards regulating the substantive law of the privilege of patent advisors, and the standards for the recognition of foreign law on privilege. These two aspects are reflected in the possible remedies identified below. In addition, even if they are not perfect solutions, practical approaches to remedy the problems have been applied by practitioners in the absence of legal rules regarding cross-border aspects of confidentiality of communications between patent advisors and their clients. The following paragraphs will describe those different approaches.

45. In order to preserve the confidentiality of IP advice beyond national borders, none of the approaches identified below oblige civil law countries to introduce, in their national procedural laws, an evidentiary privilege akin to that of common law countries, as long as their procedural laws do not provide any proceedings that would require a party to produce confidential IP advice to a court.

## RULES CONCERNING THE RECOGNITION OF FOREIGN PATENT ADVISOR PRIVILEGE

### Extending the recognition of privilege to foreign patent advisors by national laws

46. One type of possible remedy would consist in extending, through national laws, the legal professional privilege provided in relation to communications between national patent advisors and their clients to communications with certain foreign patent advisors, including patent advisors from both civil law and common law countries. The existing tests to define certain foreign patent advisors whose privilege is recognized are inclusive rather than limiting. The law of New Zealand recognizes the privilege of foreign patent advisors whose functions correspond to those of registered patent attorneys in New Zealand. According to the Bill of Australia, the privilege of foreign patent advisors who are authorized to do patents work under the law of their country or region is recognized.

47. In determining the conditions for recognition, courts have to look into the respective foreign law in order to identify whether a foreign patent advisor has the “corresponding functions” or the “authorization to carry out patents work”. To provide administrative guidance to courts and interested parties, a list defining the recognized countries may be established by the government.

48. The extension of the privilege could, but would not necessarily have to be, based on reciprocity. As the merit of this type of remedy lies in its simplicity, adding additional layers of reciprocity might complicate the determination of the recognition of the privilege granted to foreign patent advisors. Another merit of introducing inclusive conditions for the recognition of the privilege for foreign patent advisors is that parties in litigation are able to focus on the substantive issues under dispute, rather than spending money and time on procedural issues. Further, since the substantive law on privilege is defined by each national law, countries are free to define, in their law, the scope, exceptions and limitations, types of communications covered and the categories of foreign patent advisors to whom such substantive law of privilege applies.

49. The asymmetry of the cross-border protection of confidential IP advice, however, does not entirely disappear through this type of approach. For example, even if the confidentiality of communications with a non-lawyer patent advisor is recognized in another country, if those communications are privileged under the national law of his/her country, the confidential IP advice given by that patent advisor may be subject to discovery in his/her home country.

50. As regards the mechanisms to extend the recognition of foreign patent advisors, so far, the unilateral extension of the recognition is achieved by including a provision in domestic laws on evidence or patent laws. Depending on the national legal tradition, it could also be possible to apply the principle as part of conflict of law rules through case law. Another possible

mechanism may be the soft law approach, whereby WIPO Member States or a WIPO body adopt non-binding principles that could be applied at the national level. Another example of a soft law approach may be the adoption of model provisions that could be utilized and adjusted to the legal systems at the national level.

#### An international mechanism for mutual recognition of privilege (ICC proposal)

51. The International Chamber of Commerce (ICC) has suggested a framework that extends the recognition of privilege to foreign patent advisors who are designated by the respective foreign authorities.<sup>11</sup> In essence, the suggested framework consists of the following elements:

- (i) Each country should specify categories of advisers whose clients benefit from privilege before the State's Courts, intellectual property offices, tribunals, and investigators. These should be all such local general lawyers and local specialist IP advisers as the State considers to be adequately regulated, plus (in the case of EPC members) locally-resident European patent attorneys (both private practice and in-house)
- (ii) Within each country, certain communications<sup>12</sup> from or to the specified categories of advisers should be privileged (together with documents, material, and information preparatory to or otherwise related to such communications):
- (iii) Each country shall respect the privilege of the communications under (ii) from or to advisers specified by other countries under (i).

52. The above framework would allow, at least within the countries participating in the framework, seamless cross-border recognition of the privilege of certain foreign patent advisors designated by each country. Each country maintains its autonomy to decide on which group(s) of professions is(are) "considered to be adequately regulated". Further, the substantive law of privilege can be largely defined by each national law, such that each country may decide, for example, on the scope of, and exceptions and limitations to, the privilege.

53. As regards the mechanisms for establishing a possible framework, since it envisages an international mutual recognition of privilege, the most straightforward way to ensure such a legal effect is an international instrument. Another option would be a system under which national laws give effect to an international list of patent advisors administered by an international body listing specific categories of professionals designated by each country and whose clients would benefit from the recognition of privilege in all countries which accept the effect of that international list.

#### International minimum convergence of the substantive rules on privilege

54. Another way to ensure the recognition of foreign privilege beyond national borders is to seek minimum convergence of substantive national rules on privilege among countries. One may envisage a common set of substantive rules that effectively prevent confidential IP advice from being disclosed to third parties, regardless of the nationality or the place of registration of patent advisors and of the place where the IP advice was given. If a uniform standard for privilege was applied to both national and foreign patent advisors on intellectual property

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<sup>11</sup> The detailed description of the ICC suggestion is found in paragraphs 41 to 46 of document SCP/16/4 Rev.

<sup>12</sup> The ICC defines the term "communications" as follows: "communications as to any matter relating to any invention, design, technical information, trade secret, trade mark, geographical indication, domain name, literary or artistic work, performance, software, plant variety, database, or semiconductor topography, or relating to passing off or unfair competition".

matters in all countries, the confidentiality of IP advice by patent advisors would be recognized beyond their national borders, whatever choice of law rules these countries may adopt.

55. Some years ago, the International Association for the Protection of Intellectual Property (AIPPI) had suggested an international basic standard as follows.<sup>13</sup>

“Each Member State shall adopt laws giving effect to the due observance in that member State of the following minimum standard for the protection of privilege in relation to communications with intellectual property advisors.

“A communication to or from an intellectual property advisor which is made in relation to intellectual property advice, and any document or other record made in relation to intellectual property advice, shall be confidential to the person for whom the communication is made and shall be protected from disclosure to third parties, unless it has been disclosed with the authority of that person.

“Intellectual property advice’ is information provided by an intellectual property advisor in relation to intellectual property rights.

“Intellectual property advisor’ means a lawyer, patent attorney or patent agent, or trademark attorney or trademark agent, or other person legally qualified in the country where the advice is given, to give that advice.”

While cross-border legal aspects are not completely absent under the above AIPPI proposal, courts, for example, would have to look into foreign law to determine if a person is “legally qualified” to provide advice, but the core question of the scope of the privilege would remain the same in every case.<sup>14</sup>

56. On the one hand, the more uniform the substantive rules on privilege become at the international level, the more predictability potential parties to litigation (clients and their patent advisors on the plaintiff side as well as on the defendant side) may enjoy. On the other hand, considering the current differences with respect to national laws in this area, Member States may need some flexibility, should they implement an international standard.

57. As regards possible mechanisms for international minimum convergence of substantive rules on privilege, in addition to the adoption of a binding instrument, a soft law approach, such as recommendations or model provisions, could be envisaged. Further, international minimum convergence of certain principles through unilateral adoption of similar rules by each country at the national level may be an option, if a sufficient number of countries found benefits in implementing such principles in their national laws.

#### CHOICE OF LAW RULES AS REGARDS THE RECOGNITION OF FOREIGN PRIVILEGE

58. One remedy would be to recognize the privilege existing in other countries, and grant the same privilege for the purpose of court procedures in one’s own country. For example, even if country X does not provide full privilege with respect to communications with IP advisors under its national law, the court of country X would recognize the privilege with respect to communications with an IP advisor in country Y, if the latter communications are privileged in country Y. Thus the client would not lose the confidentiality of the privileged communication with his IP advisor in another country. The standard applied by the courts of some countries in

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<sup>13</sup> [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_aippi\\_ip\\_ge\\_08/wipo\\_aippi\\_ip\\_ge\\_08\\_www\\_100879-related2.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_aippi_ip_ge_08/wipo_aippi_ip_ge_08_www_100879-related2.pdf).

<sup>14</sup> John T. Cross, Evidentiary Privileges in International Intellectual Property Practice, INTA Annual Meeting 2009.

deciding whether the privilege should apply in relation to communications with foreign patent advisors is to consider whether or not such communications would have been privileged in the foreign law of the country concerned. Such recognition of foreign privileges or secrecy obligations has been applied by courts in the United States of America.

59. As stated earlier, some civil law countries have amended their national legislation to expressly recognize the privilege in respect of patent attorneys, with the aim of achieving foreign recognition through the application of the choice of law rule. While such an approach might provide a remedy in foreign countries where the recognition of patent advisors' privilege in other countries is based on the conflict of law/international private law rule, including the comity rule, it does not have any effect in those foreign countries that apply the *lex fori*.

60. On the one hand, the application of the choice of law rule does not require amendments of substantive domestic rules on privilege. On the other hand, that rule has been developed by courts, and even if a common choice of law rule on the recognition of foreign privilege was established, the divergent substantive laws on privilege will continue to exist, thus making it impossible to fully avoid forcible disclosure of confidential IP advice by foreign courts.

61. As regards mechanisms to facilitate the recognition of foreign patent advisors' privilege through choice of law rules, various possibilities could be considered, for example, the unilateral adoption of common rules at the national level, a soft law approach or the adoption of an international agreement.

#### PRACTICAL APPROACHES

62. A number of practical remedies have been sought by practitioners in order to avoid forcible disclosure of confidential IP advice in their countries as well as in foreign countries.<sup>15</sup> They include the following:

##### Cooperation with lawyers

63. In some countries, non-lawyer patent advisors use the services of lawyers in provision of their services to clients. In particular, non-lawyer patent advisors provide their written communications/counseling to clients co-signed by lawyers. Such an approach may, however, complicate and raise the cost of IP legal advice.

##### Increased use of oral communications

64. Patent advisors often communicate orally instead of in writing, to avoid the disclosure of confidential information in litigation in other countries. This may complicate the counseling process and prevent the establishment of useful documentation.

##### Contractual confidentiality agreements

65. Patent attorneys who are not bound by confidentiality obligations in foreign jurisdictions could be bound by contractual confidentiality agreements. However, it is not clear whether such agreements would be effective against forcible disclosure in all different pre-trial discovery proceedings. In most jurisdictions, patent attorneys are already bound by domestic secrecy obligations.

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<sup>15</sup> See document SCP/17/5.