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Standing Committee on the Law of Patents

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REPORT OF THE SHARING SESSION ON RECENT DEVELOPMENTS AND EXPERIENCES WITH RESPECT TO CONFIDENTIALITY OF COMMUNICATIONS BETWEEN CLIENTS AND THEIR PATENT ADVISORS

Document prepared by the Secretariat

1. Pursuant to the decision of the Standing Committee on the Law of Patents (SCP) at its thirty-first session, held in Geneva from December 2 to 5, 2019, the present document contains a report of the sharing session by practitioners and Member States, held on December 4, 2019, on recent developments and experiences with respect to confidentiality of communications between clients and their patent advisors. Presentations made during the sharing session are available at: https://www.wipo.int/meetings/en/details.jsp?meeting_id=50453. Automatically generated WIPO Speech-to-Text© transcripts of the sharing session are available at: https://www.wipo.int/s2t/SCP31/SCP_31_2019-12-04_PM_1_mp4.html.

Presentations

The Delegation of Canada

2. Canada recognized solicitor-client privilege for communications with lawyers. In 2016, amendments to its law granting a legislative privilege to communications with intellectual property (IP) agents came into force. The legislation is intended to protect communications between patent agents and their clients in the same way as solicitor-client privilege does. The relevant provision is Section 16.1 of the Patent Act.

3. The privilege does not apply if the client expressly or implicitly waives the privilege (Section 16.1(2)). In addition, exceptions to solicitor-client privilege or, in civil law, to professional secrecy of advocates and notaries apply to a communication that meets the conditions set out in Section 16.1(1)(a) to (c). Furthermore, according to Section 16.1(4), privilege on communications with foreign patent agents will be recognized if the communication is: (i) between someone authorized to act as a patent agent under the law of a country and their client; (ii) intended to be confidential; (iii) made for the purpose of seeking or giving advice with respect to any matter relating to the protection of an invention; and (iv) privileged under the law of the foreign country.

4. The said amendment was made because: (i) the privilege provides ability for client to have a full and frank discussions with their patent advisors; (ii) it improves trust between clients and advisors, which is particularly important for small businesses and inventors who may not necessarily be familiar with the patent system and often rely on trade secrets; and (iii) as the more information the client provides to his/her patent agent, the better advice he/she can get. Consequently, the quality of patents and the quality of the patent system as a whole would be improved.

5. Furthermore, in 2018, Canada passed the College of Patent Agents and Trademark Agents Act. Similar to the legal regulation for lawyers, the Act created an independent College to regulate patent agents in the public interest. In summer 2019, a Board of Directors with three public interest members and two IP agents was appointed to run the College. Two more members will be appointed once the College is operational. All Canadian IP agents will be required to follow the rules of the College and meet standards of professional conduct and competence. Agents who reveal privileged information can be sanctioned by the College. Sanctions can include fines, suspension or loss of agent license.

6. The Code of Professional Conduct will require agents to act in the best interests of their clients and keep client information confidential. In addition, conflict of interest rules will ensure that privileged information will not inadvertently be used to benefit other clients. The College will have the ability to investigate agents who are suspected of misconduct, and may view privileged information for the limited purpose of regulating the profession. This would ensure that the privilege is not used to hide prior art, or to engage in fraud or to otherwise deceive the public. Any information provided to the College, however, can only be used for regulating the profession, and continues to be privileged information.

Mr. Steven B. Garland, Member, Client- Attorney Privilege Committee, International Association for the Protection of Intellectual Property (AIPPI)

7. The goal of the AIPPI is to create a harmonized international approach to protecting confidential client-patent advisor communications from forced disclosure, for example, during litigation, both domestically and in cross-border situations. The problem is lack of domestic protection for communications of that kind in certain countries, and of international coverage in cross-border scenarios.

8. The purpose of protecting confidential communications between patent owners and their patent advisors is to encourage full and frank communication between them, thereby promoting the broader public interest in the observance and administration of the law. Sound IP advice, based on full disclosure by the client, ultimately leads to more appropriate use of domestic and international patent systems, thus better serving the purpose of those systems and the overall public good. This includes lessening the likelihood of a party seeking and/or obtaining overly broad, vague or inappropriate patent rights, which leads to better quality of patents and fewer invalid or baseless patents. It also assists patent owners to make more appropriate enforcement decisions.

9. The protection sought would be similar to the type of protection that exists between lawyers and their clients in common law countries. Importantly, “privilege” protects disclosure of advice given by patent attorneys: neither disclosure of facts or documents in the public domain (prior art) nor the obligations of patentees to disclose relevant prior art to patent offices is affected. The AIPPI is not aware of any abuse in the various jurisdictions wherein a litigant or applicant has attempted to avoid disclosing the relevant prior art. In many jurisdictions, claims of privilege made during litigation can be challenged and reviewed by the relevant court.

10. In many jurisdictions, patent advisors are not lawyers. Oftentimes, domestic and/or foreign communications between clients and non-lawyer patent advisors often are not protected from forcible disclosure, for example, during the litigation in some countries. This can result in the forced disclosure of those confidential communications and the confidential information of the patent owner to competitors. This in turn can lead to patent owners not to make a full disclosure to their IP advisors and not to get their proper IP advice.

11. Thus, to avoid such a result, a number of countries have taken proactive steps to protect such communications. In the United Kingdom, communications between clients and United Kingdom/European non-lawyer patent attorneys are protected by statute. Those communications protected in the United Kingdom are not necessarily respected in other jurisdictions. It is also uncertain whether protection in the United Kingdom would be extended to “foreign” non-lawyer IP advisors.

12. In Australia, communications between clients and Australian non-lawyer patent agents are protected by statute. In *Eli Lilly & Co v. Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573, it was held that privilege for communications with a “registered patent attorney” are confined to Australian patent attorneys, thus, communications between Pfizer and UK patent attorneys were not considered privileged. In 2013, the statutory based privilege was extended to foreign practitioners authorized to provide intellectual property advice under a law of another country/region.

13. In New Zealand, communications between clients and non-lawyer New Zealand patent agents are protected by statute. In 2008, the protection was extended to foreign practitioners whose functions “correspond” to New Zealand agents.

14. In Canada, communications between clients and non-lawyer Canadian patent agents as well as foreign non-lawyer IP advisors were not initially protected. In *Lilly Icos LLC v. Pfizer Ireland Pharmaceuticals* (2006) FC 1465, communications with the UK patent attorneys, even though protected in that country, were not privileged and ordered to be produced in Canadian litigation. As a result, the clients needed to apply time-consuming and costly work-around solutions, including greater use of lawyers. In 2016, amendments were introduced to the Patent Act, as explained by the Delegation of Canada, above.

15. In the United States of America, a number of courts have held that solicitor-client privilege applies to communications with non-lawyer IP advisors registered in that country. In a number of those cases, such communications were initially found not to be privileged, but overturned on appeal. Courts in the United States of America have protected “privileged” communications between clients and their foreign non-lawyer IP advisors, if they find that a privilege from forced disclosure exists in the foreign jurisdiction concerned. However, this is not an absolute state of the law, as cases in this respect are still arising. In 2017, the USPTO introduced a new rule¹ establishing that attorney-client privilege applied to communications with both U.S. and foreign patent agents/attorneys in proceedings before the Patent Trial and Appeal Board (PTAB).

¹ § 42.57 of the Code of Federal Regulations.

16. Following a litigation in the United States of America in 1992², in which communications between the client and the Japanese patent agent were ordered to be produced, Japan changed its domestic legislation in 1998 so that Japanese patent agents may refuse to testify or produce “secret” documents in court proceedings. In view of this change, a number of courts in the United States of America subsequently held that communications between Japanese patent agents and clients are protected from forced disclosure in their proceedings.

17. Similarly, in response to a court decision in the United States of America,³ the French legislation was amended in 2014, pursuant to which French patent agents “shall observe professional secrecy”. This protection has been respected in a number of subsequent cases in the United States of America.

18. A number of other jurisdictions,⁴ both common law and civil law, have taken proactive steps to create domestically a privilege of a sort with a hope that it would be respected in litigation in other countries. Sweden extended privilege to communications with Swedish/European non-lawyer patent advisors. The proposed European Unified Patent Court (UPC) rules state that advice of lawyer/non-lawyer patent attorneys are privileged and not subject to disclosure in any UPC proceedings. A question is whether it would apply to communications with patent advisors in non-UPC countries.

19. Mr. Garland concluded that, given the domestic steps taken by many countries, the time is ripe for developing a harmonized international solution whereby nations recognize the protection that exists in other nations to avoid the forced disclosure of confidential advice.

Kim Finnilä, Assistant Reporter General, International Federation of Intellectual Property Attorneys (FICPI) Study and Work Commission (CET)

20. As global trade requires and is supported by IP rights, clients need to be able to obtain frank and full legal IP professional advice in confidence from IP advisors nationally and internationally. Therefore, communications, including documents and other related records drafted therefor, to and from such IP advisors need to be protected from forcible disclosure to third parties. Providing such a protection supports both public and private interests in that the advice is compliant with law and administration of justice.

21. IP professionals can be, but most often are not, attorneys-at-law/lawyers. Some jurisdictions however regulates IP professionals and provides publicly accessible registers. Registered IP professionals, in general, are subject to a Code of Conduct and are bound by professional secrecy obligation.

22. What should be protected are the communications that include oral and written IP professional advice, documents created for the purposes of such advice, and other records related to such advice transferred between the IP advisors and the persons so advised. IP professional advice is legal advice which in connection with patents can include technical matters. The term “advice” does not include prior art documents, laboratory notebooks, other documents containing data, or the like which are relevant to the assessment of a patent validity.

23. Generally, both “privilege” in common law countries and “professional secrecy obligation” in civil law jurisdictions apply only at a national level. In view of the global dimension of IP rights, nations need to support and maintain confidentiality in such communications, and to

² *Alpex Computer Corp v Nintendo Co Ltd*, US Dist LEXIS 3129 (QL) (SD NY 1992).

³ *Bristol-Myers Squibb Co v Rhone-Poulenc*, 52 USPQ 2d 1897 (SD NY 1999).

⁴ For example, the Netherlands, Belgium, Denmark, Spain and Switzerland.

extend the protection to IP professional advice given by IP advisors in other nations. Such an extension of protection avoids causing or allowing confidential advice to be published and thus confidentiality in that legal advice to be lost everywhere. If the confidentiality of legal advice is lost in a particular nation, it can be used against the person both locally and internationally.

24. Mr. Finnilä concluded by stating that what is needed is a minimum standard providing that: (i) IP professional advice given by IP advisors is confidential and protected from forcible disclosure in a litigation at the national level; (ii) cross-border IP professional advice is treated in the same way as it is treated nationally; (iii) a balance is needed between common law and civil law in that it does not require civil law jurisdictions to adopt any common law concept or vice-versa. Such a minimum standard should provide and definitions of an “IP advisor”, “communication” and “advice”.

Statements made from the floor

Delegation of the Czech Republic

25. According to Act No 417/2004 Coll. on Patent Attorneys, as amended, only registered patent attorneys are authorized to perform services of patent attorneys on the territory of the Czech Republic. The confidentiality of communication between clients and their patent attorneys is regulated in Section 36 of the Act as one of patent attorneys’ duties. The Act does not provide any provision concerning cross-border aspect of the issue. There are no reported court cases on this matter. Further details concerning the national law on this issue can be found on the relevant WIPO website.⁵

Delegation of Ireland

26. A privilege with regard to national patent advisors has existed in Ireland since long time. In 2006, the privilege was extended to patent advisors of the EU and EEA Member countries to deal with litigations with regard to the European patents. The application for registration of patent agents in Ireland is considered by the Board and the names of the registered patent agents are published on their website. The patent office is responsible for setting the examinations for patent agents on IP law and practice.

Delegation of Chile

27. In Chile, the communications between clients and their patent advisors are governed by contract clauses that parties freely establish between themselves. With respect to lawyers, certain ethical obligations provided by the Professional Code of Ethics of the Bar Association are applied.

28. Chile has been undertaking two main legislative reforms relating to the confidentiality of communications. First, an ongoing reform to the Law No. 19628 on the protection of personal data addresses norms directed to ensuring the integrity and confidentiality of operations and their registration. Another reform relates to Law No.19223 on computer crimes, which proposes substantive and procedural modifications to deal with criminal actions relating to the subtraction and unauthorized use of information using computer means. Both reforms will have an effect on IP matters, as they establish a higher protection standard where any dispute regarding the confidentiality of communications arise at the national level. Noting the greater importance to be given to contract clauses that govern the issue of confidentiality of communications in its country, the Delegation expressed its belief that the SCP should continue the exchange of experiences, and should not seek to harmonize this issue.

⁵ https://www.wipo.int/scp/en/confidentiality_advisors_clients/national_laws_practices.html

Delegation of Turkey

29. Under the IP Code, amended in 2017, all patent and trademark attorneys, irrespective of whether they are attorneys-at-law, are subject to the uniform rules of conduct in exercising their professional activity. Article 5 of the Code of Conduct and Discipline of Patent and Trademark Attorneys introduced the obligation of confidentiality of communication, according to which patent attorneys are not allowed to disclose information and secrets received from their clients irrespective of whether they are attorneys-at-law. It is believed that the national legislation provides legal certainty and predictability regarding confidentiality of communication between clients and their patent advisors at the national level.

Delegation of France

30. In France, the Intellectual Property Code provides for a professional secrecy obligation of IP attorneys. Article L.422-11 obliges the IP attorney to observe professional secrecy in any matter and for all the services mentioned under Article L.422-1. Consultations addressed to 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.

31. The Delegation also reported on the formation of IP attorneys in France, ethical duties of the IP attorneys, the recent jurisprudence on the subject, as well as on a national professional organization representing all patent attorneys, which is able to pronounce sanctions in case of misconduct. The Delegation was of the view that the topic should remain in the agenda of the SCP.

Delegation of Gambia

32. The Delegation suggested that a specially dedicated session to further discuss the issue be organized at the SCP. In its view, in order to get some degree of harmonization or cohesion between civil law and common law countries, to work on a flexible approach, in particular with regard to cross-border aspects, would be desirable for nearly all Member States.

Delegation of Switzerland

33. The Delegation stated that the presented overview and the developments with respect to confidentiality of communications in various jurisdictions showed that the current situation on the issue at the international level is lacking adequate regulations, in particular on cross-border aspects. Moreover, where regulations exist, the protection is not always applied to foreign attorneys or applied not at the same extent as it is provided with respect to the domestic professionals. Such a situation is unsatisfactory with respect to certainty and predictability, the safeguard of sensible information and trust in the patent attorney-client relationship. A full and frank communication between patent agents and their clients under these circumstances is not possible. This compromises the quality of legal advice and has in consequence an impact on the patent prosecution and patent quality, which is a subject of concern for all Member States.

34. Switzerland introduced the Federal Act on Patent Attorneys, which came into force in July 2011, in order to, *inter alia*, address the increased demand for quality advice and representation in cross-border patent prosecution and enforcement procedures. Switzerland recognizes the importance of a strong protection of confidentiality of communications between clients and their patent advisors. The Patent Attorney Act significantly improved the standing of patent attorneys in Switzerland and abroad by means of regulating the use of the professional title "patent attorney" and the introduction of statutory client-patent attorney privilege.

35. Recalling the need to find a common solution at the international level expressed by the practitioners, the Delegation referred to its proposal on a non-binding soft law approach as a solution to the cross-border aspect of the client-attorney privilege issue. The framework may serve as a template for national laws. It provides a flexible approach for every Member State to adapt national legislations according to its own legal background and needs. The Delegation encouraged Member States to enter into discussions on the content of such a non-binding framework. The Delegation suggested that the Secretariat carries out a study on such frameworks, such as guiding principles and recommendations. The study should be based on legal literature describing various options and including information on the advantages and disadvantages, without prejudice to the outcome of the study.

Other interventions

36. Following the intervention of the Delegation of Switzerland, the Delegations of Croatia on behalf of CEBS Group, Australia and Canada, as well as the Representatives of HEP and GRUR expressed their support to the proposal made by the Delegation of Switzerland. The Delegation of Chile requested more information on the definite elements of the proposal made by the Delegation of Switzerland before moving to that direction.

37. The Representative of TWN opposed to the idea of creating a legal instrument at the international level in relation to cross-border aspects, because it would reduce the policy space for Member States. Conversely, the Representative of APAA, noting the growing number of PCT international patent applications from the Asian region and the risk for Asian companies to be involved in patent disputes in various jurisdictions, strongly supported the SCP taking further steps in studying the feasibility of setting a minimum international standard on the issue in an accelerated manner.

Q&A session

38. The issues discussed during the Q&A session were: how to extend ethical duties of a lawyer to a non-lawyer patent advisor and qualifications of the patent advisor; whether non-disclosure agreements should be signed by the patent advisor before discussing the patent matters; and what is the practical effect for giving advice when there is a litigation.

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