

Protection of Confidentiality in IP Professional Advice (PCIPA or 'the protection')

Assessment of the current problems of the protection (updated 8 November 2013 and modified for submission to the SCP 20 in December 2013)

1 The context of the problems

- 1.1 The problems have a context which is part of understanding them and how they can be solved.
- 1.2 The protection has existed for centuries both in common law (client privilege) and civil law (professional secrecy and professional privilege). The policy of the protection is in both cases essentially the public interest of clients getting correct legal advice. Nobody is challenging the correctness or desirability of that policy.
- 1.3 In common law there is an obligation to make discovery to the court and the opponent of communications of which the respective parties have records if they are relevant to the dispute. Client privilege means the client is excepted from having to disclose communications (including oral ones) relating to that person's professional legal advice. The professional is likewise excepted from disclosure. Only the client (not the professional) can waive the right to privilege from disclosure. Privilege is the client's right.
- 1.4 Where professional privilege exists in civil law (it does not exist in every civil law nation), that privilege excepts the professional from having to produce documents relating to the professional acting for the client. In effect, it is in support of professional secrecy.
- 1.5 Professional secrecy is absolute as to all communications between a client and professional which relate to the professional acting for the client. This is to be contrasted with client privilege in common law. That is not absolute – it applies to a narrow subject, that is, the communications relating to the obtaining and giving of the advice, ie that includes the subjective views of the professional as to the client's position. As well it is subject to exceptions (eg communications relating to crime or fraud if they are in issue in the case). Thus, professional secrecy is much wider than client privilege.
- 1.6 The protection functions by supporting the client and the professional to be fully frank with each other in relating the relevant facts and the relevant advice respectively. If either the client or the advisor perceives in advance that what they may communicate will not be kept secret or confidential, they may not be fully frank. Thus, the obtaining of correct advice can be compromised.
- 1.7 It is fundamental to the effectiveness of the protection that in whatever way it applies, it must be certain in its effect.¹ Where the protection does not apply at all or not so with certainty, the obtaining of correct legal advice is not supported.
- 1.8 The behavioural effects of lack of, or uncertainty as to the protection on client/IP professional relationships are known empirically. They include (ie not exhaustive) – not putting anything in

¹ 449 US 383 (1981). Rehnquist J in the US Supreme Court. If the purpose of the attorney-client privilege is to be served, the attorney and client must be able to predict with some degree of certainty whether particular discussions (Ed. communications) will be protected. An uncertain privilege, or one which purports to be certain that results in widely varying applications by the courts, is little better than no privilege at all.

writing, discussing particular topics only by telephone, never communicating on particular matters with potential IP legal implications except through or in the presence of a generalist lawyer, limitations on communications with IP professionals in particular nations and so on.

- 1.9 The type of conduct referred to in the previous paragraph runs counter to having full and frank communications for the purpose of getting correct legal advice.

2 The problems

- 2.1 The basic problems are **first** that not all nations have adequate law providing the protection and **secondly** that where they do, that protection is not always recognised (ie given effect) cross-border.
- 2.2 The two main factors which have catalysed the problems are increasing trade (including transfers of technology) between nations and the development of new IP specialist professions - patent and trade marks attorneys who are not general lawyers (who are collectively referred to hereafter as 'NLPAs' ie non lawyer patent attorneys).
- 2.3 NLPAs have emerged with levels of formal qualifications and legal structure which differ from nation to nation. The patent attorneys in this category (as opposed to trade marks attorneys) are usually scientists with specialist legal training. Both patent attorneys and trade marks attorneys give legal advice. In order to obtain correct legal advice, their clients have to make full and frank disclosures to them and vice versa just as was required with the general lawyers plus technical experts who acted for them in such patent matters in the past.
- 2.4 The new IP professions are a desirable economic and social development which reflects the fact that NLPAs have brought a new efficiency into economies. Their development has been encouraged by governments. But what happened about the protection of the clients and the professionals from forcible disclosure in relation to their IP legal advice from such professionals? The answer is that in some nations (eg Canada) no protection has yet been provided and where it is provided, it is in some cases not adequate.
- 2.5 Further, in only two nations has the protection which applies to NLPAs locally been extended to communications by clients with their overseas equivalent NLPAs. The nations which have extended national protection in that way (ie in effect applied national treatment to overseas NLPAs) are Australia and New Zealand.
- 2.6 Further, whilst the clients of the overseas equivalents of Australian and NZ NLPAs have protection from forcible disclosure in proceedings in those nations, the Australian and NZ clients and their local NLPAs do not uniformly have that protection overseas. Taking the UK and Canada as examples, the UK protection applies only to UK registered NLPAs and Canada has no protection for its clients of its own NLPAs; thus, in neither case is there the protection for those from overseas (including those from Australia and New Zealand).
- 2.7 To what degree does this problem exist? To take but one situation – ask is it likely that an owner of IP coming from any one of Canada, Australia or UK with products relevant to each of those, would need NLPA professional advice in each of those nations, and to rationalise differences in that advice by communications between the respective advisers in those nations? The answer is obvious. Referring to the principle stated by Justice Rehnquist – this is worse than uncertainty. Here it is not uncertainty leading to compromise of correct legal advice, it is the certainty of loss of the protection in the UK and Canada which is the potential cause of such compromise.

- 2.8 The civil law/common law interface (which is inevitably involved in trade between nations of those different legal traditions) is the cause of a problem of uncertainty. In civil law nations, the court has discretion to call for the production of documents and to interrogate the client. The client is not protected from forcible disclosure as to the client's professional advice. There has been no case (as yet) involving this potential forcible disclosure but the existence of the potential cannot be denied. Further, for most civil law nations there is (as yet) no litigation in which the issue of local recognition of overseas protection has been put the test.
- 2.9 In the WIPO/AIPPI Conference on Client Attorney Privilege in May 2008 (the papers of which are published by WIPO), lawyers from several civil law nations – the Netherlands, France and Chile to name some of them – stated that the preferable course would be for what is now uncertain to be made certain by a process which obliges the one nation to recognise the overseas protection on some basis – eg by having an agreed minimum standard applicable as between all nations and after that, by the application of national treatment. As mentioned above, national treatment of overseas NLPAs applies only in Australia and New Zealand.

3 Further manifestations of the problems

Australia

Eli Lilly v Pfizer Ireland Pharmaceuticals (No 3) [2004] FCA 1085

- 3.1 In this case involving communications between Pfizer and its in-house patent attorney in the UK, it was held that the protection of confidentiality in IP professional advice under Australian law (as it was then) was limited to locally registered NLPAs. Thus, it did not apply to communications between Pfizer and its in-house UK patent attorney. Thus, documents relating to those communications had to be disclosed to the court and to Eli Lilly in Australia notwithstanding that they were protected from disclosure in the UK.

Canada

Lilly Icos LLC v Pfizer Ireland Pharmaceuticals (2006) 55 CPR (4th) 457

- 3.2 This case in Canada equivalent to the one referred to in paragraph 3.1 in Australia, involved the finding by the Federal Court of Canada that communications between the inventors and their UK non-lawyer patent attorney adviser were not privileged in Canada. The documents were required to be produced in the Canadian litigation. Again, this was so even though the statutory privilege existed in the UK for such communications.

France

Bristol-Myers Squibb Company v Rhone-Poulenc Rorer Inc et al, 188 F.R.D. 189, 52 USPQ.2D (BNA) 1897 (S.D.N.Y. Apr. 27, 1999).

- 3.3 In this case, the US court concluded that whilst there was an obligation to keep a client's information secret, a court could compel production of communications and therefore such communications were not considered by the US court to be privileged. Essentially, as there was no absolute secrecy obligation, there was no evidentiary privilege in such communications.

Commissariat à L'énergie Atomique v Samsung Electronics Co. et al, 245 F.R.D. 177.

- 3.4 Amendments had been made to the French Intellectual Property Code since the Rhone-Poulenc decision referred to in the previous paragraph. The amendments included an Article L422-11 to create an evidentiary privilege for patent agents entered on a list of industrial property attorneys drawn up by the Director of the National Institute of Industrial

Property under the Code. This case demonstrated that there could still be circumstances in which an evidentiary privilege over a patent agent's communications with a client does not apply. On the positive side, the decision indicates that a US court could recognise an evidentiary privilege in circumstances where there is an absolute secrecy obligation in the foreign jurisdiction in question.

- 3.5 The present situation in France is complex and that in itself is contrary to the Rehnquist principle that certainty is required if the protection is to be effective in client/IP professional communications. Taking the lifespan of patents into account, it is likely that the inadequacies of the French Intellectual Property Code in applying an absolute obligation of secrecy (and thus, giving rise to an evidentiary privilege that a US court is willing to recognise and apply), will continue to require some disclosure of communications that should be privileged, for some time yet. The complexities are indicated by the following summary.

Before 1992 – no obligation of professional secrecy applicable to patent agents.

1992 – a category of practitioners 'Industrial Property Attorney' is created, with a Special List being an exception.

1992 to 2002 – professional secrecy applies to Industrial Property Attorneys only, however there is no evidentiary privilege as the secrecy obligation is not absolute.

2002 – professional secrecy applies to members of the Special List, however the duties of the Special List members and Industrial Property Attorneys are not consistent. Neither obligation amounts to evidentiary privilege as the obligation is not absolute.

2004 – professional secrecy is absolute as an evidentiary privilege applicable to Industrial Property Attorneys, however this obligation does not apply to members of the Special List.

Japan

- 3.6 The situation of uncertainty in Japan has been described by a Japanese lawyer representing the Japanese Patent Attorneys Association (**JPAA**) as follows. As a result of cases in the US in which the protection has not been applied to communications with Japanese NLPAs and orders have been made for discovery, changes have been made to the law in Japan. However, Japan does not have anything similar to attorney-client privilege recognised in common law countries. Presently, the Japanese Federation of Bar Associations is working on realising something similar to attorney-client privilege for work they do for Japanese and non-Japanese clients in Japan. At the same time, JPAA is trying to strengthen the position of Japanese patent attorneys in the US and other common law countries. For now, Japanese patent attorneys seem to enjoy privilege before US courts but the view of JPAA is that Japanese patent attorneys and their clients cannot be certain about it. They see chances of other courts in the US or in other common law countries not affording privilege on communications between patent attorneys and clients in Japan.
- 3.7 Again, the situation described in the previous paragraph is far from meeting the Rehnquist principle.

4 WIPO and the SCP

- 4.1 The work of WIPO in the SCP and of the IP NGOs (particularly AIPPI) from 2008 to date (five years) in which nations including those in Group B have been involved, has been substantially concerned with assessment of the problems of the protection. The submissions to WIPO by AIPPI and the Reports of WIPO to the SCP comprise a major resource identifying and providing legal commentary on the problems. These are most of the relevant documents.

No	Date	Description
1	31 October 2008	AIPPI Submissions to WIPO on Report SCP/12/3
2	25 February 2009	WIPO Report SCP/13/4
3	31 August 2009	AIPPI Submission to WIPO on SCP/13/4
4	18 December 2009	WIPO Report SCP/14/2
5	August 2010	AIPPI Submissions to WIPO for SCP/15
6	28 February 2011	AIPPI Submissions to WIPO on Protection of Clients' Intellectual Property Professional Advice 'the <i>protection</i> '
7	21 April 2011	WIPO Report SCP/16/4 REV
8	4 May 2011	AIPPI Submissions to WIPO on Report SCP/16/4 REV for SCP/16
9	September 2011	AIPPI Submissions to WIPO on Cross-Border confidentiality of communications between clients and their patent advisers
10	19 October 2011	SCP/16/9 PROV 2 – WIPO Report of SCP 16 – Extract on CAP
11	1 November 2011	AIPPI Submissions to WIPO on continuing the study of CAP in relation to remedies
12	5 November 2011	WIPO Report SCP/17/5 – Cross Border - Confidentiality of Communications between Clients and Patent Advisors
13	2 April 2012	WIPO Report SCP/18/6 – Approaches and Possible Remedies to Cross-Border aspects of Confidentiality of Communications between Clients and Patent Advisors

4.2 The focus now needs to be put onto the appropriate remedy.