

## **Conference on Client Privilege in Intellectual Property Professional Advice (CPIPPA)**

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### **Prospects for improvement: What are the options?**

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## Prospects for improvement: What are the options?

This paper is part of a series of papers prepared for the WIPO/AIPPI Conference (22 & 23 May, 2008) on 'privilege', as it relates to IP advisers.<sup>1</sup>

### 1. The options – general comments

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On the basis of information provided by speakers at the Conference, there is a strong need to improve the application and recognition of privilege for clients of IP advisers, both nationally and internationally.

National laws are a subject for national governments. International arrangements are for both national governments and international government organisations like WIPO. Sometimes such international arrangements proceed first, or even only, by bilateral arrangements.

Development of national laws cannot on its own achieve the harmonisation required for client privilege with IP advisers around the world. For example, no country can legislate the way another should treat client privilege which exists in the first country. Only by global treaty can we provide the necessary minimum standards to be obtained country by country. A treaty is the first step towards achieving harmonised international laws. The problems of privilege for clients of IP advisers (including clients losing privilege through lack of harmonisation between countries) seem to be best addressed by global treaty organised through WIPO.

The road to a global treaty is ordinarily a lengthy and arduous process. Those factors should not stand in the way of national governments doing what they can to improve the privilege of clients in relation to IP advisers both nationally and overseas by making appropriate changes to their own laws in the meantime.

By such changes, national governments would 'anticipate' in their laws what the proposed global treaty would require. They could by making those changes greatly improve the position on privilege of clients in relation to IP advice within those countries.

AIPPI has in effect already urged national governments to make such local changes. That occurred in 2003 through AIPPI's Resolution in Q163 which was the outcome of a comparative law study made of the laws of some of the countries of its National Groups. That study led to the Q163 Resolution in 2003. The text of the Resolution is set out in Section 2 below.

The law of privilege is frequently under scrutiny by governments. It might be said – why deal with the laws relating to client privilege as to IP professional advisers when privilege itself is under such scrutiny?

There is no cause or justification for national governments to delay in dealing with national laws where (as frequently occurs) the scope of privilege of IP advisers is linked to that of the deficiencies in lawyers. The reason is, that whatever privilege is to apply to lawyers will be the privilege that applies to IP advisers where the two are linked. Regrettably, this species of delay currently applies in Australia. It has been mooted to apply as well in India.

So, the conclusion on '**Options for improvement**' is that both national and international changes are required, and a treaty organised by WIPO and its Member States seems to be the best course

to pursue in making of changes required internationally. National changes should not be delayed by work on a treaty or vice-versa, particularly where the privilege applicable to IP advisers is, or is to be, linked to the scope of that which applies to lawyers.

## 2. AIPPI's proposal to WIPO of a treaty on client privilege in IP professional advice (CIPPA) – July 2005.

The prelude to this proposal was the work in AIPPI of Q163 which was set up to investigate the application of privilege to clients of patent and trade mark attorneys.

In its preliminary work (informal analysis of privilege in some major countries), the Committee of Q163 found that there is considerable variation between countries in the treatment of privilege. It noted there were a number of major factors influencing the type of protection available to patent and trade mark attorneys, including the following.

- (a) The availability of discovery or forced disclosure in the jurisdiction.
- (b) The status of the patent or trade mark professional in the jurisdiction.
- (c) The common law/civil law condition of the jurisdiction.
- (d) The imposition of criminal penalties on patent or trade mark attorneys who reveal their client's confidential information.

The Committee concluded that the issue of patent and trade mark attorney privilege is a **'real and serious issue'** for clients with intellectual property in multiple jurisdictions and noted as follows.

- (a) The role of the patent and trade mark attorney regardless of whether he or she is also qualified as an attorney at law is an important one and is becoming increasingly important.
- (b) Clients reasonably expect that their communications with their local and international patent attorneys will be treated with respect in relation to privilege, in the same way as communications between clients and attorneys at law.
- (c) The overall intellectual property system will benefit from this form of privilege because it encourages full and timely disclosure between clients and their patent and trade mark attorneys.

Subsequently, at the AIPPI EXCO meeting in Lucerne in 2003, AIPPI passed a Resolution arising from the work of Q163 the essence of which is, as follows (the full Resolution is footnote 2 to this paper)<sup>2</sup>.

That AIPPI supports the provision throughout all of the national jurisdictions of rules of professional practice and/or laws which recognise (that) the protections and obligations of the attorney client privilege should apply with the same force and effect to confidential communications between patent and trade mark attorneys, whether or not qualified as attorneys at law (as well as agents admitted or licensed to practice before their local or regional patent and trade mark offices), and their clients regardless of whether the substance of the communication may involve legal or technical subject matter.

The crux of the AIPPI Resolution is that clients of patent and trade mark attorneys should be afforded the same level of protection by privilege as communications between clients and their legal attorneys.

Since the Resolution of Q163 in Lucerne in 2003, substantial impetus for national and global change in the law relating to privilege as it applies to clients of IP advisers, has come from the truly negative experiences of clients obtaining advice in relation to IP subjects around the world. That experience includes in particular the loss of privilege by Pfizer in the advice it obtained from its internal UK patent attorneys in the Canadian and Australian litigation referred to in Steven Garland's paper and this author's slides, referred to above.

Thus AIPPI decided to put greater effort into trying to get the attention of the Member States through WIPO and through AIPPI's National Groups in the respective Member States, towards resolving the problems of client/IP adviser privilege.

In order to explain what AIPPI had in mind as part of potential solutions to the problems of privilege in this context at international level, AIPPI suggested that it should produce a draft treaty.

The AIPPI proposal was thus put forward by AIPPI to WIPO to explain AIPPI's state of mind in case that was of assistance to WIPO and the Member States.

AIPPI acknowledges that it is the Member States function to negotiate and draft treaties. Further, where that process relates to IP, AIPPI acknowledges that it is one of the fundamental roles of WIPO to assist the Member States in that process.

AIPPI also acknowledges that consultation and collaboration by international NGOs with respective governments of Member States is desirable. It is very pleasing to be able to say that the Member States frequently involve respective AIPPI national groups in consultation with them, on development of the law relating to intellectual property. That practice has particular relevance in relation to privilege because the IP practitioners have the most direct experience of the problems of client privilege relating to IP advisers.

Thus, the conclusion on this background to the AIPPI proposal to WIPO is that AIPPI's proposals are part of its contribution to the process of WIPO and the Member States, should the Member States decide to develop a CIPPPA treaty.

### **3. What definitional issues does the CIPPPA treaty proposal raise- AIPPI's 'preliminary thoughts' on that in preparing the draft CIPPPA treaty proposal.**

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The submission made by AIPPI to WIPO in July 2005 is an **Attachment** to this Paper. The submission referred to various problems relating to privilege in Australia and internationally, including the following.

- Lack of uniformity of the scope of privilege in the relationship between client and IP advisers in each country, causing clients to lose confidentiality in their intellectual property advice.
- The same mutatis in relation to client privilege where third parties are engaged by their IP advisers to provide essential technical advice to the IP advisers (eg independent experts), so that they can adequately advise their clients.

- The barrier to owners of IPR carrying on business in a particular country where to do so would risk losing privilege in a country of greater economic importance to that owner.

The latter point was referred to at one point in the AIPPI submission to WIPO, as follows.

- "2.5 Recognition of the potential for instructions and advice to be compromised by being published, can in effect be a barrier to trade. This is because owners of IPR may decide that it is not practical to enforce IPR where the consequences of doing so may be that their instructions and advice get published and used against them whether locally or internationally."

The submission described the shortcomings of the Australian attempt to provide privilege for non-lawyer patent attorneys. There is a positive point for the Australian position which should be mentioned here. Australia has accepted that as non-lawyer patent attorneys have similar obligations to clients though based on (in a sense) a narrower set of qualifications than lawyers, the same privilege as lawyers would have in respect of clients should apply in the advice the patent attorneys are qualified to give. The negative points as to the wording of the enactment are **first** that it did not extend to third parties such as those whom patent attorneys frequently have to deal with to equip themselves to advise their clients and **secondly** it only applied to registered patent attorneys in Australia and thus not to overseas patent attorneys. Local patent attorneys in Australia *per force* have to deal with and from time to time obtain for their clients advice from, overseas patent attorneys. The scope of privilege thus enacted in Australia, was deficient in those respects.

The need which clients have to compare their lawyer and non-lawyer patent attorney advice from one country to another, makes loss of local privilege high risk. That issue can be dealt with locally by extending privilege to apply to clients dealing with overseas patent attorneys. However, the chain is only as strong as its weakest link. To ensure that all countries apply the same protection to clients in relation to privilege, a treaty is required.

The text of the AIPPI draft treaty proposal is stated in paragraph 5.5 of the Attachment 1 to this paper. Three of the main issues which the AIPPI treaty proposal addressed were as follows.

- The nature and meaning of 'privilege'.
- The scope of that 'privilege'.
- The qualifications of 'IP advisers' in relation to whom the requisite 'privilege' of the client would need to arise.

'Privilege' is an awkward word in the international context. It has a well known meaning in common law which is stated in the following paragraph. However, in English, it means an advantage not shared by all. The word is sometimes used pejoratively to mean an ill-gotten gain shared by a few. None of these meanings in English applies in the context of client privilege in the advice of an IP adviser.

In that context, 'privilege' applies to all clients dealing with a particular category of professionals to whom it is connected. The privilege or benefit that those clients have is that they cannot be forced to disclose their communications with their IP legal advisers relating to their IP legal advice. Likewise, the IP advisers cannot be forced to disclose their advice. There would be little point in the client's right of non disclosure, if it were otherwise for the professionals.

In deference to those for whom the term 'privilege' could be awkward to adopt, the main provision of the draft AIPPI treaty refers instead of using the word 'privilege', to what are the elements of privilege ie the confidentiality of the communications related to the obtaining of IP advice and protection from disclosure of that advice to third parties. Communications to or from an IP adviser made in relation to IP advice, are in effect deemed to be confidential and not to be subject to disclosure to third parties.

### **Scope of that 'privilege'**

The scope of privilege proposed by the AIPPI draft treaty may be wider than would be accepted in some countries where privilege now applies. In Australia, for example, a communication between an IP adviser and the relevant client would be discoverable if it were material in the proceeding (ie relates to a matter in issue) and relevant (ie affects the meaning of a material matter). Whilst such a communication is discoverable, in Australia it would not be subject to production if it was made for the dominant purpose of obtaining or giving legal advice. The 'dominant purpose' test is narrower than the words the draft treaty uses, ie by using the description "in relation to intellectual property advice".

### **Sidings**

Such tests as whether the communication was 'for the dominant purpose of legal advice' import expensive and time consuming investigations by lawyers which they are obliged to carry out. Using the analogy of a railway, proceedings get off the main track of deciding the outcome of the critical issues like patent title, construction, infringement and validity' and go into an unfortunate 'siding'. The siding goes nowhere – and you have to back out of it. Accordingly, in drafting a treaty, those that have this responsibility need to aware that any test that has the effect of creating such sidings, should be avoided. There is no point in trying to improve the regime of privilege which is now riddled with expensive sidings, by creating other sidings that are potentially just as expensive.

For this reason, the draft treaty did not descend to subsidiary tests like 'the dominant purpose test' but that is not to say that a treaty should not allow that test. That is a matter to be decided by those who draft the treaty taking into account a wider range of information than was available to those involved in the preparation of the AIPPI draft treaty. Having regard to the way the law has developed in particular countries, it may well be too much to expect that the treaty should adopt any test for the scope of privilege which would change the tests now applied in Member States where privilege is established.

### **Qualifications**

The main issue here is caused by lawyer qualifications being different from those of non-lawyer patent attorneys and patent agents. As stated above, the Australian law (though it has the deficiencies pointed out above) has embraced the concept that Australian patent attorneys have in their own field, similar learning, and duties and liabilities to their clients, as do patent lawyers. In the relationship between them and their clients, the same imbalances of power exists which are a principal factor in creating the relationship of trust that the client and the IP adviser need to have between them. That is, the patent attorney knows the law within the scope of the patent attorney's training and can apply it to the client's situation. The client is relying on that. The imbalance on the client's side is that the client knows the facts. The patent attorney has to rely on the client to

disclose all of the relevant facts known by the client to enable the patent attorney to give the best advice.

Some commentators have pointed to lawyers as having duties to the law and duties to the court which the patent attorney does not have. Whilst that can be true in particular jurisdictions – is it really meaningful? Should it not be looked at from the point of view of the client? The client has to and does rely upon the advice which is obtained from a non-lawyer patent attorney in the country in which the client happens to be doing business. That patent attorney has to rely upon the client for instructions. It is this relationship that creates the need for full and frank disclosure on both sides, for confidentiality and the reliance of the one upon the other for what they contribute to the outcome required.

The levels (and even the existence) of non-lawyer IP adviser qualifications are a matter for the particular country where the client and the IP adviser happen to be. What can the client do about the IP adviser's qualifications including whether or not that IP adviser does not have the same layers of obligations to the law and the courts as does a lawyer in addition to those which the particular IP adviser does have?

Against this background, the AIPPI draft proposal defines the 'intellectual property adviser' to whom the proposed treaty would apply in terms of local qualifications to act, that is, in relation to the particular advice given. The definition of IP adviser proposed in the AIPPI draft is as follows.

**intellectual property adviser** means a lawyer, patent attorney or patent agent, or trade mark attorney or trade mark agent, or other person legally qualified in the country where the advice is given, to give that advice.

This definition avoids the odious comparison (which would be another expensive siding) involved in determining whether an IP adviser in a particular country has qualifications equivalent to those of an IP adviser in another country. That is irrelevant to the client. Should not the focus be on the client's need to have appropriate privilege in that place, and internationally?

Nonetheless, there are many options in defining 'intellectual property adviser'. AIPPI points to issues which need to be considered, as follows. What if there are no qualifications that apply to a person who gives intellectual property advice in a particular country? What if the IP advisers are in no way regulated? What if by the local law, the IP adviser has no duty of care to the client? An advantage of a duty of care in this context would be that the IP adviser would be bound to advise how the law should be observed.

The issues indicated in this Paper are not intended to be and indeed are not, exhaustive. Other issues affecting treaty drafting are bound to arise in the course of the Conference to which this Paper relates. This description is intended to stimulate investigation rather than terminate it.

#### **AIPPI's Q199 Privilege Task Force**

Further, AIPPIs work in relation to the need for harmonisation of the law on privilege as it relates to IP professional advice, is on-going through Q199 which constitutes AIPPIs Privilege Task Force.

Through Q199, AIPPI has a representative from each one of most of its National Groups assisting a Committee on the issues relating to client/IP professional privilege, including resolving those problems in part by a treaty.

Its work is 'in progress'. It is currently considering an Explanatory Memorandum prepared by the chairman of its drafting subcommittee who is Steven Garland in relation to the need for a treaty.

Steven has also prepared a 'Framework' document which relates to the concepts of such a treaty and that too is being considered by the PTF representatives.

This Privilege Task Force is chaired by the author of this Paper. The Task Force is thus being prepared to maximise AIPPI's assistance to the Member States and WIPO should the treaty proposal go forward.

Eric Le Forestier of FICPI will take treaty issues further in the following Paper and presentation. It is the intention of AIPPI (and Eric Le Forestier can speak for FICPI) to do what it can reasonably do to assist WIPO and the Member States in dealing with treaty drafting issues in this context, should the proposal or even the concept of such a treaty be taken forward by them.

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<sup>1</sup> This paper assumes that the reader has read at least three of the papers/slides which will have been previously presented at the Conference on privilege - namely by Steven Garland et al, entitled 'Intellectual Property Adviser- client privilege communications: Canada and other Jurisdictions', the paper by Thierry Calame entitled 'The nature of the problem- is this a matter of public interest as well as private interests, where does the balance lie between those interests?' and the slides of the author of this paper entitled 'Outcomes of litigation and needs arising in relation to client/IP professional privilege in particular countries- Australia'.

<sup>2</sup> **QUESTION 163 – Attorney-Client Privilege and the Patent and/or Trademark Attorneys Profession – RESOLUTION**

**AIPPI**

**Recognizing:**

1. the importance of intellectual and industrial properties to the world's economy;
2. the importance of the role of patent and trademark attorneys and registered agents to the world's intellectual property systems for the benefit of their clients and society;
3. that clients and legal systems are both well-served by maintaining in strict confidence and protecting from disclosure to third parties communications between the clients and their attorneys made for the purpose of obtaining and providing legal advice; and
4. that such communications between attorneys and clients regarding technical matters are as deserving of protection as are communications involving purely legal matters due to the fact that technical and legal matters are often closely interrelated in regards to intellectual and industrial property rights.

**Resolves:**

That AIPPI supports the provision throughout all of the national jurisdictions of rules of professional client privilege should apply with the same force and effect to confidential communication between patent and trademark attorneys, whether or not qualified as attorneys at law (as well as agents admitted or licensed to practice before their local or regional patent and trademark offices), and their clients, regardless of whether the substance of the communication may involve legal or technical subject matter.

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