

AIPPI Submission to WIPO on WIPO Report (Preliminary Study) SCP/13/4 — Client-Attorney Privilege (CAP).

Protection against forcible disclosure of communications relating to intellectual property professional advice.

Background to this Submission

This Submission is in response to the invitation by WIPO by letter dated 20 April 2009 of the Director General Francis Gurry for comments on SCP/13/4, which is entitled "The Client-Attorney Privilege". The Director General's invitation asks for comments to be submitted to WIPO by 31 August 2009.

The invitation by WIPO and the making of this Submission have a substantial history including AIPPI raising with WIPO in 2004 the need for national and international laws to be considered in relation to disclosure of confidential information in intellectual property professional advice. Part of that history includes the Submission by AIPPI to WIPO of a working paper on a basis for harmonisation dated 26 July 2005, for consideration by WIPO as part of any further study of the topic.

A further part of that history is the WIPO/AIPPI Conference on Client Privilege in Intellectual Property Professional Advice (CPIPPA) held in Geneva in May 2008 (http://www.wipo.int/meetings/en/details.jsp?meeting_id+15183). The papers submitted in that Conference are relied upon by AIPPI in making this Submission.

AIPPI refers also to its previous Submission to WIPO of 31 October 2008, and its submissions and comments in support of WIPO's efforts in producing SCP/13/4 and supporting the Member States continued study of privilege at the 13th Session of the SCP in Geneva March 23-27 2009.

At that 13th Session of the SCP, some of the Member States raised concerns regarding the need to know more about the issues relating to loss or lack of protection against forcible disclosure of confidential communications relating to intellectual property professional advice. AIPPI notes that SCP/13/4 is as yet not beyond establishing the base for making a decision about further study of this problem. Such a study would involve consideration of possible reforms. It is important to have a satisfactory level of understanding of the problem before going to the next stage in the study, if that is what the Member States wish to do.

AIPPI does not in this Submission propose to deal with all of the points raised by the Member States or, for that matter, by other NGOs. Some of those points are better to be dealt with by other NGOs. For example, one such subject is the queries raised by the delegates relating to the qualifications or required qualifications of 'IP advisers' from country to country. Presently, FICPI may be better positioned to provide this information to the Member States. AIPPI may later express its views as to the qualifications that should be required of 'IP advisers' but the process has not yet reached the need to deal with that issue.

Generally speaking, this Submission is made by AIPPI in support of the work which needs to be done by WIPO (the Secretariat in particular) in enhancing SCP/13/4 in relation to the various matters raised by the Member States at the 13th Session.

The matters on which AIPPI has elected to make the present Submission are stated under the heading "Context" below.

Before moving to "Context", AIPPI observes and submits on two points which were established in the May 2008 Conference on Client Privilege in Intellectual Property Professional Advice, as follows.

- As stated in the AIPPI Submission of 31 October 2008, the Conference established that there is an urgent need for harmonisation of national laws and the making of national laws to achieve protection against IP professional advice being forcibly disclosed. We submit that the need for harmonisation so expressed was reinforced by the outcome of the 13th Session of the SCP (March 2009).
- A further point established by the May 2008 Conference was that public and private interests are aligned in support of the need for privilege or equivalent protection against forcible disclosure of IP professional advice. In view of the matters raised at the 13th Session, that point should be refined as follows. Whilst private and public interests both support the need for protection, it is clear that the emphasis of legal theory in support of the confidentiality recognised by the laws of Member States (ie including common law and civil law countries) is that the public interest in protection from the disclosure, is paramount. The protection exists primarily to support the public interest in the effective administration and application of the law, by enabling citizens to be correctly advised.

The balance of interests in having the relevant protection was a topic upon which further information was required by the Member States. It is one of the points which AIPPI deals with in making this Submission (see Section 9 below).

1. Context

- 1.1 The draft Report of the SCP 13th Session, and attendance at the meeting itself, have enabled AIPPI to identify the following matters for assistance to WIPO in relation to enhancing SCP/13/4 to meet the needs of Member States (or some of them).

Civil Law commentary

- 1.2 El Salvador (see 185 of the draft Report) suggested that in the civil law commentary, more emphasis should be given to the provenance of and tradition in Romano-Germanic law on which the professional secrecy obligation is based.
- 1.3 The same delegation suggested that the inclusion of best practices of national offices in Latin America would enrich the document. At the May 2008 WIPO/AIPPI Conference in Geneva, Chilean lawyer Cristobal Porzio dealt with the law as applied in five Latin American countries. (See the paper of Cristobal Porzio's published by WIPO in relation to the WIPO/AIPPI Conference obtainable via the link to WIPO's website stated in the third paragraph on page 1 of this Submission).

Common Law commentary contrasted with Civil Law commentary

- 1.4 It is clear from comments made on behalf of the Member States and NGOs that those attending the meeting (or some of them) need to better understand the differences between the protection against forcible disclosure afforded by professional secrecy on the one hand and privilege on the other. It is not correct that privilege applies in common law countries and professional secrecy in civil law countries. In many civil law countries, privilege applies in addition to professional secrecy – see Section 2 below. Privilege (from forcible disclosure) is a developing aspect of civil law. Professional secrecy is long established.

The scope of privilege protection

- 1.5 Perhaps as part of or related to the previous point, Iran (202), Egypt (203) and India (211) have inquired as to the type of information that may be kept out of the public domain by professional secrecy, privilege and confidentiality. It is undoubtedly important to understand the scope of privilege protection and the differences between the protection which arises out of confidentiality, privilege and professional secrecy. The scope of privilege is rather narrow in many common law countries. This is because the scope is governed by the dominant purpose test – to be subject to privilege, a communication must be for the dominant purpose of the obtaining or giving of legal advice. If the communication includes matters that fall outside the 'dominant purpose', only those matters that fall within the test are subject to privilege from disclosure. This is narrower than scope of privilege which applies in civil law countries. There the dominant purpose test does not apply – see Section 2 below.

Public interest paramount

- 1.6 The queries which were raised about the relative weight of 'interests' will probably be met by showing that both civil law and common law forms of protection are aimed at ensuring that the law is enforced (a public interest) and that the best legal advice is obtainable by citizens (an interest which is both public and private).

The relevance of Article 2(3) of the Paris Convention, Article 3 of TRIPS and GATS Mode IV

- 1.7 Some Member States raised the issue of the potential limitation on any proposal for harmonisation of protection against forcible disclosure of IP professional advice in relation to the matters cited in the heading. In relation to the Paris Convention and TRIPS, see 192 (Argentina), 195 (Brazil), 203 (Egypt), 208 (Angola) and 211 (India). In relation to GATS, see Pakistan (204). These enquiries should be taken seriously and be well answered.

The potential for expansion of protection against forcible disclosure to other situations if applied to IP advisers

- 1.8 In this respect, see 186 (China) and in a more expanded form 190 (Sri Lanka). AIPPI feels strongly that Member States need to understand that the problem is not one of expansion, but one of recognising that the same protection should be applied to citizens whomever (being qualified to do so) gives them IP legal advice. Presently, the protection is unevenly provided in a way that may in some circumstances lead to the loss of all such protection.

Other Matters of Clarification

Free assistance offered to users by National Offices.

- 1.9 It is common enough that National Offices give free assistance to users of their services (see 185 (El Salvador). AIPPI does not consider that harmonisation relating to protection against forcible disclosure of IP professional advice would affect this practice at all.

Exceptions to the application of professional secrecy and privilege

- 1.10 This point was not in fact raised by the Member States except indirectly as part of their queries relating to the scope of protection obtained by privilege. Since the 13th Session, and in the light of the draft Report of that Session, it seems appropriate by way of clarification that not only do we assist the Member States to understand the narrow scope of the protection, but also that there are established exceptions in some jurisdictions which they should consider when they turn to decide on studying options for reform. The Member States should also be made aware of statutory limitations which apply in many countries that have protection against forcible disclosure by the application of privilege.

2. Civil Law Commentary

Background to professional secrecy

- 2.1 In countries that have a Romano-Germanic tradition (viz France, Italy, Chile), the protection of legal advice and the documents by which that advice is communicated to the person who seeks that advice is partly brought about by imposing an obligation of secrecy on the professional adviser (lawyer). The obligation is unqualified and not limited by time.
- 2.2 Professional secrecy is an obligation to remain silent. By contrast with common law privilege (see Section 3 below), it applies to the professional adviser personally and is based on the qualification and function of that person rather than (as with common law privilege), on the relationship (of trust) between the adviser and the person advised.

The origin and nature of the law of professional secrecy

- 2.3 In an article entitled "Professional Secrecy versus Legal Privilege" by Baudesson and Rosher,¹ the authors quote Emile Garçon on the provenance and nature of professional secrecy in a commentary on the former Article 378 of the French Criminal Code as follows.

Professional secrecy is only based on a public interest. The fact that its violation may cause a prejudice to individuals may not, on its own, justify its sanction by the law. The law punishes because public interest requires it. The orderly operation of society commands that the sick should be able to find a doctor, the litigant an advocate, the catholic a confessor but neither the doctor, nor the lawyer, nor the priest would be in a position to complete their mission if confidential information revealed to them were not covered by an inviolable secret. It is therefore crucial to the maintenance of public order that such necessary confidences should be subject to rules of confidentiality and that the confidants should be bound to remain silent, unconditionally and without restrictions, because otherwise nobody would

¹ Thomas Baudesson & Peter Rosher, "Professional Secrecy Versus Legal Privilege" (2006) 1 *International Business Law Journal* 37.

dare seek their assistance anymore, if they could fear disclosure of the secret they revealed. Hence, Article 378 is aimed not so much at safeguarding the secret of an individual as at guaranteeing a professional duty that is essential for the benefit of all.²

- 2.4 Accordingly, professional secrecy is based upon the need for confidential relations between people and particular persons who advise them, like priests and doctors as well as lawyers. Professional secrecy is thus based on the need which people have to confide in such professionals in obtaining advice. The person advised has to have security that all can be revealed to the particular adviser without running the risk of disclosure by that adviser. Thus, the focus of the obligation of professional secrecy is on the adviser. It is also noteworthy that public interest is the driving force behind professional secrecy.

Development of the law of professional secrecy

- 2.5 Taking the example of France, Baudesson and Rosher note that Article 378 of the French Criminal Code of 1810 stated that -

Any person entrusted with secrets revealed to them by reason of their office or profession and who [...] will have disclosed such secrets, such be punished by an imprisonment of one to six months and a fine [...].³

- 2.6 This provision was replaced in by Article 226.13 of the New French Criminal Code which states as follows.

The disclosure of an information of a confidential nature by a person who is entrusted with such information, either by reason of their office or profession, or by reason of mission or temporary position, is punishable by a year of imprisonment and a fine in an amount of 15,000 Euros.⁴

Article 3 of the French Civil Code provides in effect that all professionals in France have to fulfil this Article 226.13.

- 2.7 In France, until about 15 years ago, professional secrecy was the only truly efficient device against disclosure in the context of defending clients in contentious proceedings. Contentious proceedings were the main activity of most independent lawyers until the professions of contentious lawyers and legal consultants merged in 1992. However, there has been substantial development of the activity of legal consultancy and the law has been developing to meet a wider need for professional secrecy.
- 2.8 In particular, the Criminal Chamber of the French *Cour de Cassation*, France's Supreme Court, held in a decision dated 30 September 1991 that-

[t]he Criminal Chamber of the Court of Appeal was correct in stating that it was not a violation of professional secrecy to allow the hearing of a lawyer as a witness,

² Ibid 39-40.

³ Ibid 39.

⁴ Ibid 39.

since such hearing related to activities of drafting contracts or of negotiation, as opposed to activities relating to due process ...⁵

The law in France was amended on 14 January 1993, changing the specification of the scope of professional secrecy to read-

In all matters, the legal opinions addressed by a lawyer to his client intended to be for his client's benefit and communications exchanged between the lawyer and his client, are protected by professional secrecy.⁶

This prescription was not read by the French courts as applying to opinions which are provided in the absence of litigation. In April 1997, the legislation was further changed so that professional secrecy applies-

In all matters, whether contentious or non-contentious, ...⁷

- 2.9 According to the authors Baudesson and Rosher, the scope of professional secrecy is not limited to legal opinions and communications between the lawyer and client in France. It extends to non contentious matters just as privilege does in most common law countries. As matters of detail, it applies to all meeting notes and more generally all documents relating to a given matter and it may even extend to items mentioned in a diary.⁸

Civil law privilege

- 2.10 Privilege has also been accepted by European institutions. The European Union has issued two Directives on a subject that is not related to IP, namely money laundering, in which it accepted that Member States were allowed to provide privilege for legal advisers, defined as "independent legal professionals", as well as for notaries, auditors, external accountants and tax advisors.⁹ This may be taken as an example that privilege in general would be accepted by the European Union. Since this definition is quite broad, privilege would most likely cover IP professionals in relation to IP subjects, as well.
- 2.11 The European Court of Justice has also repeatedly dealt with the issue of privilege. The first case was *AM&S Europe vs Commission*, 18 May 1982, Case 155/79, in which the court accepted that privilege applies for communications between a lawyer and his client in a competition law enquiry by the European Commission. This was repeated in an order from the European Court of First Instance in *Hilti vs Commission*, 4 April 1990, Case T-30/89. The ECJ issued a judgment in *Bar Associations vs Commission* on 26 June 2007, Case C-305/05, dealing with the money laundering Directive, in which it held that the obligations to cooperate as provided by that Directive as such do not infringe on the right of fair trial under Article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms, given section 3 of Article 6 which enables the Member States to grant privilege.

⁵ Ibid 40.

⁶ Ibid 40.

⁷ Ibid 40-41.

⁸ Ibid 41.

⁹ Article 6 section 3 of Directive 91/308/EEC as amended by Directive 2001/97/EC

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- 2.12 Most recently, in a competition law case of *Akzo-Nobel vs Commission*, the European Court of First Instance confirmed on 17 September 2007 in combined Cases T-125/03 and T-253/03 the judgment of *AM&S Europe vs Commission*. The most interesting part of this judgment is that the court held that privilege primarily serves the public interest. The case related to a memorandum drafted by the company, which alleged that the document was aimed at obtaining legal advice and was thus covered by privilege. However, in this case the court ruled that the memorandum at issue was not drafted in order to obtain legal advice but more likely to obtain internal approval and was thus not covered by privilege. The judgment was appealed to the ECJ, which has not yet ruled on the appeal. However, it follows from this case law that the European courts do accept the concept of privilege.
- 2.13 In civil law countries, the protection against forcible disclosure of legal advice can also include privilege. Indeed the protection in civil law countries called "privilege" normally consists of two components, professional secrecy and privilege from forcible disclosure. Privilege is normally provided for by statutory law, although in most cases there is a tradition of privilege being applied which predates the statute law in force.
- 2.14 As previously described, professional secrecy is the obligation of professionals to keep confidential any information disclosed to them by their clients in the course of their profession. This obligation is normally provided for by the statutory law that governs the profession, such as the law governing the lawyers, or the bar rules. For IP professionals, it may also be comprised in the IP laws such as in an Act dealing with patents, which is the case in The Netherlands, or in a specific law governing patent attorneys, which is the case in Germany. In some countries, like France, professional secrecy is governed by criminal law such that violation of that secrecy obligation constitutes a crime.
- 2.15 In addition, a right of privilege from forced disclosure of information covered by the professional secrecy is granted in statutory procedural law, such as the code of civil procedure and the code of criminal procedure (as is the case for instance in Brazil, Germany, Switzerland, Japan and The Netherlands), or even in the constitution, as is the case in Spain. Such provisions will exempt the professional from having to disclose confidential information covered by professional secrecy in court. Although the origin and context is different from common law, as discussed hereafter, this civil law exemption will be referred to herein as "privilege", that is, the civil law exemption of the professional from disclosure is privilege against forcible disclosure.
- 2.16 Although not specifically provided for in many of the statutory laws, courts in many civil law countries accept that the privilege also extends to the client. If a professional adviser cannot be forced to disclose the content of the communication with his or her client, including the facts disclosed to him or her by the client and the advice given to the client, there should of course not be an option to circumvent this privilege by forcing the client to disclose the information which for the professional is covered by privilege.
- 2.17 In some countries however, there may not be any statutory law provisions. In such case, the concept of client exemption may follow from legal tradition, often claimed to originate from Roman law.
- 2.18 In each case, the underlying principle is that clients should be able to freely discuss legal issues with their lawyers (or other professionals) in order to take legal advice and in the

course of the preparation of court actions, be it as plaintiff or as defendant. The aim of course is that, based on such advice, the client is enabled to act in accordance with the law and to refrain from actions that are contrary to the law. In that process, facts may of course be disclosed to the lawyer which may involve an actual or potential violation of the law. The client should be able to also discuss those facts freely with his or her lawyer without running the risk that such facts would be disclosed as a result of discussing them with the lawyer, either in court or out of court. The aim of this is not to enable the client to act in violation of the law, but to enable the client to act in accordance with the law. In this way, professional secrecy and privilege are directed at ensuring proper enforcement of the law.¹⁰ Further, they are aimed at reducing the cost of administration of the law (including the cost of the courts). These are public costs. Among other positive benefits of full and frank disclosures between the lawyer and client, knowledge of all the facts involved facilitates obtaining correct advice regarding commencing a lawsuit and when to settle and when to continue litigation.

Relationship of civil law exemptions to common law disclosure

- 2.19 Unlike many common law systems, civil law systems normally do not have an obligation for the parties involved in litigation to disclose all information in their possession relevant to the litigation, either of their own motion or due to a court order. Procedural law normally does not provide for court orders requiring disclosure. The main rule of evidence is that a plaintiff will have to substantiate his or her claim in order to have it awarded. If he or she is unable to do so for lack of evidence, his or her claim will not be awarded. The fact that the defendant may have the relevant evidence in his or her possession, but refuses to disclose it, does not change this and will not shift the burden of proof.
- 2.20 Thus, a defendant may prevent a claim being awarded against him or her by refusing to disclose relevant evidence, even if that evidence might be decisive for the outcome of the case. However, there are exceptions to this rule. If a defendant is called to testify in civil court, that defendant can only refuse testimony if otherwise the defendant would incriminate himself or herself. The defendant cannot refuse to render testimony that will have no consequences under criminal law. The same applies to witnesses in criminal proceedings. Only defendants in criminal proceedings can refuse to give testimony. On the other hand, examination of witnesses may not be used for fishing expeditions, and thus may not be used to create some kind of oral disclosure or discovery.
- 2.21 In addition, in some civil law countries, searches for evidence at the defendant's premises or at third party's premises are available, like in Belgium, France and Italy. Such search requires a court order. Evidence found in the course of such a search can be seized and used in litigation under certain conditions.
- 2.22 Since even the client cannot be forced to disclose relevant information, except for some limited exceptions through witness hearings and evidential seizures, his or her lawyer should of course also be exempt from such disclosure. On top of that, since a client should be able to freely discuss the preparation of a case with his or her lawyer, lawyers should be

¹⁰ See for instance judgments the highest Swiss court (Bundesgericht 2P.187/2000, 8 January 2001, Pra 90/2001 Nr 141 S 835) and the Constitutional Court of Colombia, sentencia C-062 DE 1998, Magistrato Ponente Carlos Gaviria Diaz.

exempt from any disclosure of information obtained in that way. Also, clients cannot be forced to disclose the communications with their lawyers.

- 2.23 There has been a recent change in Europe, since the European Commission has enacted the Enforcement Directive, which is aimed at ensuring a high, equivalent and homogeneous level of protection for intellectual property rights in the European Internal Market. To this end, instruments available in some countries, such as evidential seizures, have been made available throughout the European Union. This to a certain extent also includes the common law instrument of disclosure, although the relevant provisions of the Directive seem to leave a lot of room for very limited implementation that should not divert too much from the civil law tradition.
- 2.24 However, since disclosure is not a basic principle of civil law litigation, it as such does not have any direct relation to civil law professional secrecy and privilege.
- 2.25 Generally there is no distinction in civil law countries between solicitor-client privilege and litigation privilege, as there is in many common law countries. Generally both are covered by the civil law privilege.

Professionals entitled to privilege in civil law countries

- 2.26 In civil law countries, many of them also being countries with a strong Roman Catholic tradition, the historic roots of privilege were that people should be able to disclose confidential information to a few specific professionals without the risk of that information being disclosed any further. The traditional three types of professionals were priests, physicians and lawyers, all considered to be independent professions. Because of these roots, privilege for lawyers in civil law countries was normally only awarded to lawyers admitted to the bar and not to other legal advisers. Traditionally therefore, in-house counsel could not invoke privilege, regardless of the type of work they were doing.
- 2.27 Generally, lawyers admitted to the bar were bound by a code of conduct which did not apply to in-house lawyers and lawyers admitted to the bar were thought to act more or less independently from their clients, while in-house lawyers of course were subject to company hierarchy. However, this distinction may now have become outdated.
- 2.28 Other IP professionals were not traditionally taken into consideration with regard to privilege. However, it is clear that such IP professionals also handle confidential information. In more recent times, they have sometimes been made subject to professional secrecy in statutory law. This has been regulated for patent attorneys in many civil law countries. Consequently, they may also have been granted privilege, dependent on the legal system. For instance, under Dutch law the professional secrecy obligation imposed on patent attorneys in a relatively recent change of the Patent Act is of a nature that also qualifies for privilege as defined in the civil and criminal codes of procedure, because it meets the test of the Dutch Supreme Court in the *International Tin Council* case. Where the court held that, in order to be able to award privilege, there should not only be an obligation of confidentiality imposed by law, but in addition it should be established that the

legislator in imposing that obligation had taken into account that this would result in a privilege.¹¹

- 2.29 In some civil law countries professional secrecy and privilege has also been made available for in-house lawyers. In The Netherlands this has been done by allowing them to be admitted to the bar. In other countries, like France and Switzerland, professional secrecy and privilege do not apply to in-house lawyers.
- 2.30 Professional secrecy is an obligation of the professional towards his or her client and can thus be waived by the client. Privilege however is a right of the professional. This stands in contrast to common law countries where privilege against disclosure is the right of the client. Thus, in civil law countries this means that the professional cannot disclose confidential information covered by professional secrecy without a waiver from the client, but such waiver does not mean that the professional can then be forced to disclose such information. Since privilege is a right of the professional, that decision is up to him or her. Consequently, if the professional is of the opinion that the client's interests are not best served by disclosure, he or she may still refuse to disclose confidential information even after a waiver from the client. Even the client cannot force the professional to disclose confidential information. On the other hand, the client is not under an obligation of confidentiality towards his or her adviser, so the client can generally disclose any information that was previously discussed with the professional and also any advice given by the professional, if he or she wishes to do so voluntarily.
- 2.31 If a professional who enjoys privilege involves a third party to assist him or her in rendering advice or in preparatory work for litigation covered by his or her privilege, the third party also enjoys privilege to that extent.

Scope of civil law privilege

- 2.32 Under civil law, if privilege applies, it is virtually absolute. Of course, privilege only applies to information obtained and advice given when acting as a professional. A lawyer involved in a hit-and-run accident as a coincidental passenger in a friend's car cannot invoke privilege.
- 2.33 Unlike the common law, there is no dominant purpose test. Besides, since there is no obligation of disclosure or for discovery, there is no need for a broader type of privilege in case of litigation.
- 2.34 Basically the lawyer who enjoys privilege also decides whether information disclosed to the lawyer or produced by the lawyer was done so in acting in his or her role as a professional. Courts can test that to some extent, but do not normally have the authority to force a lawyer to disclose information – because that is covered by privilege – and thus, in the end, the courts will have to accept the position which the lawyer has taken. Professional secrecy and privilege in civil law countries are perpetual, regardless whether the case has finished or whether the relationship with the client has been terminated.

¹¹ Dutch Supreme Court 22-12-1989, NJ 1990/779, *International Tin Council*.

Privilege and Foreign IP Advisers

- 2.35 There is little or no statutory law or case law on privilege for foreign lawyers or other IP professionals.
- 2.36 However, under Dutch law for instance, the relevant provisions in the codes of civil and criminal procedural are sufficiently general in their wording to cover foreign IP professionals who meet the same conditions as Dutch professionals, ie that in their profession they are bound by an obligation of confidentiality which is meant to create privilege, in which case the foreign IP professional will enjoy privilege to the same extent as a Dutch lawyer or patent attorney will.
- 2.37 The strange consequence of this would be that a foreign trademark attorney who enjoys privilege in his or her home country will also enjoy privilege in The Netherlands, whereas a Dutch trademark attorney will not enjoy privilege at home. On the other hand, an Indian patent attorney would not enjoy privilege in The Netherlands, since his or her obligation of confidentiality in India is not aimed at creating privilege.

3. Common Law Commentary

Introduction – Common law privilege

- 3.1 In common law jurisdictions privilege is a legal doctrine pursuant to which certain communications or documents may be prohibited from forced disclosure during litigation or some other legal or quasi-legal procedure or process. It is an exception to the rule that oral or documentary evidence will typically be required to be produced or disclosed if relevant to the issues in a proceeding. As observed by the Supreme Court of Canada:

The common law principles underlying the recognition of privilege from disclosure are simply stated. They proceed from the fundamental proposition that everyone owes a general duty to give evidence relevant to the matter before the court, so that the truth may be ascertained. To this fundamental duty, the law permits certain exceptions, known as privileges, where it can be shown that they are required by a public good transcending the normally predominant principle of utilizing all rational means for ascertaining truth.¹²

- 3.2 While there are a number of different privileges that may apply, for the purposes of this Submission, two types of privilege are relevant, namely “solicitor-client privilege” and “litigation privilege”.

Solicitor-client privilege

- 3.3 Solicitor-client privilege is one the oldest forms of privilege. Depending on the particular common law jurisdiction, it may also be referred to as “attorney-client privilege”, “legal advice privilege”, or “legal professional privilege”.¹³ While it is primarily governed by

¹² *M.(A.) v Ryan* [1997] 1 SCR 157.

¹³ For the purposes of this Submission, the terms lawyer, solicitor, and attorney refer to qualified legal advisers.

common-law principles, this privilege has also been codified through legislation in a number of jurisdictions.¹⁴

- 3.4 Solicitor-client privilege pertains to confidential communications between a client and a lawyer (in-house and external) for the purpose of receiving and/or giving legal advice. Wigmore defines the modern principle of solicitor-client privilege, as follows:

Where legal advice of any kind is sought from a professional legal adviser in his capacity as such, the communications relating to the purpose made in confidence by the client are at his instance permanently protected from disclosures by himself or by the legal adviser, except if the protection be waived.¹⁵

Thus, under solicitor-client privilege, there is a *prima facie* presumption that confidential communications between a lawyer and a client *in respect of, or for the dominant purpose of, the provision of legal advice* are protected. This qualification on solicitor-client privilege, namely that the communications must be for the dominant purpose of the provision of legal advice, is an important limitation on the scope of protection afforded under solicitor-client privilege and appears to be applied in most common law jurisdictions.

- 3.5 It is particularly important when considering the application of privilege in the context of an in-house lawyer and their employer-client. Under the common law, the courts will look at which “hat” the in-house lawyer is wearing at the time of the communication. If the courts find that the lawyer was acting primarily in his capacity as a business adviser, and *not* as a lawyer, then solicitor-client privilege does not apply.
- 3.6 It is important to recall that it is the client’s right to privilege, not the lawyer’s, and the right to waive the privilege and permit disclosure belongs to the client. Absent waiver, solicitor-client privilege is considered virtually absolute.¹⁶ Where exceptions may be applied (see also Section 5 below), the most commonly cited are: (1) the communication was not intended to be confidential; or (2) the client sought guidance from a lawyer in order to facilitate the commission of a crime or a fraud. Furthermore, a communication that is initially privileged remains privileged, even after the solicitor-client relationship ends.
- 3.7 It is also important to appreciate that the privilege that attaches to communications between lawyers and their clients is in addition to the obligation of confidentiality that all lawyers have in respect of client communications. This obligation of confidentiality extends beyond the life of the solicitor-client relationship and is typically the result of rules of professional conduct that are put in place by the body responsible for regulating the legal

¹⁴ For all practical purposes, statutory solicitor-client privilege is identical to common-law solicitor-client privilege. See, for example: *Evidence Act 1995* (Cth) s118, *Evidence Act 1950* (Malaysia) s126, and *Indian Evidence Act 1872* (India) s126. Note that the Australian *Evidence Act 1995* (Cth) has been expanded over the common law position by an amendment applying since 1 January 2009 (*Evidence Act 2008* (Cth)) which includes as privileged communications with third parties.

¹⁵ J H Wigmore, *Evidence in Trials at Common Law* (Vol 8, 1961) [2292].

¹⁶ See *Three Rivers District Council v. Governor and Company of the Bank of England (No. 6)* [2004] QB 916 [25], where Lord Scott of Foscote states that: “Second, if a communication or document qualifies for legal professional privilege, the privilege is absolute. It cannot be overridden by some supposedly greater public interest. It can be waived by the person, the client, entitled to it and it can be overridden by statute, but it is otherwise absolute.” See also *United States v Zolin* 491 US 554 (1989); *Blank v Canada (Minister of Justice)* [2006] 2 S.C.R. 319.

profession in a given jurisdiction. With the exception of Australia, it does not extend to communications by lawyers and clients with third parties.¹⁷

Origins of solicitor-client privilege

3.8 Solicitor-client privilege is well established in most common-law jurisdictions and dates back to the Tudor times in England. The common law courts first recognised privilege for communications in relation to litigation, based upon the oath and honour of a lawyer who was duty-bound to guard his client's secrets.¹⁸

3.9 One of the earliest reported decisions discussing the concept was the 1577 English decision in *Berd v. Lovelace*.¹⁹

Thomas Hawtry, gentlemen, was served with a subpoena to testify his knowledge touching the cause invariance; and made oath that he hath been, and yet is solicitor in this suit, and hath received several fees of the Defendant; which being informed to the master of the roles, it is ordered that the said Thomas Hawtry shall not be compelled to be deposed, touching the same, and that he shall be in no danger of any contempt ...²⁰

3.10 Originally, privilege was restricted to an exemption only from testimonial compulsion, a right belonging to the lawyer, protecting him against the forced disclosure of his clients' secrets. Since then, the definition of privilege has been extended, such that it now applies to the receipt of legal advice in general, even if provided outside the context of litigation, and is considered to be a right belonging to the client.

Rationale for solicitor-client privilege

3.11 While the scope of solicitor-client privilege has evolved and expanded with time, the rationale for the privilege has not significantly changed since its inception.

For example, in England, Brougham L.C. in *Greenough v. Gaskell*²¹ observed:

The foundation of this rule is not difficult to discover. It is not (as has sometimes been said) on account of any particular importance which the law attributes to the business of legal professors, or any particular disposition to afford them protection (though certainly it may not be very easy to discover why a like privilege has been refused to others, and especially to medical advisers).

But it is out of regard to the interests of justice, which cannot be upholden, and to the administration of justice, which cannot go on without the aid of men skilled in jurisprudence, in the practice of the courts, and in those matters affecting rights and obligations which form the subject of all judicial proceedings. If the privilege did not exist at all, everyone would be thrown upon his own legal resources.

¹⁷ As to Australia – see *Pratt Holdings Pty Ltd and Another v Commissioner of Taxation* [2004] FCAFC 122

¹⁸ See, for example, *Berd v. Lovelace* (1577) 21 ER 33 (Ch.); *Dennis v. Codrington* (1580) 21 ER 53. For a modern discussion of the history of privilege, see *Solosky v Canada* (1979) 50 CCC (2d) 495, 105 DLR (3d) 745 (S.C.C.) (Canada).

¹⁹ *Berd v. Lovelace* (1577) 21 ER 33 (Ch.)

²⁰ *Ibid.*

²¹ (1580) 21 ER 53.

Deprived of all professional assistance, a man would not venture to consult any skilful person, or would only dare to tell his counselor half his case.²²

- 3.12 Without solicitor-client privilege, the concern is that clients will not feel free or unencumbered to disclose all material facts to their lawyers, thereby affecting the completeness and accuracy of legal advice, thus negatively impacting on the integrity of the administration of justice. As stated by Mr Justice Rehnquist of the US Supreme Court in *Upjohn Co. v. United States*:²³

Its purpose is to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and the administration of justice. The privilege recognises that sound legal advice or advocacy serves public ends and that such advice or advocacy depends upon the lawyer being fully informed by the client.²⁴

Further, out of caution as to what could be forcibly disclosed in the absence of privilege, a lawyer could seek information from the client selectively hoping to avoid receiving any information that might be harmful in the case. Similar to the position of a client who withholds information from the lawyer for fear that information might subsequently be disclosed, information potentially relevant to proper advice is not given to the lawyer.

- 3.13 More recently, the Supreme Court of Canada in discussing solicitor-client privilege commented:

This privilege, by itself, commands a unique status within the legal system. The important relationship between a client and his or her lawyer stretches beyond the parties and is integral to the workings of the legal system itself. The solicitor-client relationship is a part of that system, not ancillary to it... The *prima facie* protection for solicitor-client communications is based on the fact that the relationship and the communications between solicitor and client are essential to the effective operation of the legal system. Such communications are inextricably linked with the very system which desires the disclosure of the communication ...²⁵

- 3.14 Overall, the modern view of solicitor-client privilege is that public policy benefits of fostering a strong relationship of trust between a lawyer and a client outweigh the potential for suppressing relevant evidence (especially given that there are often other means for obtaining such evidence, keeping in mind that privilege pertains to legal advice, not the underlining facts *per se*).
- 3.15 However, as noted in paragraph 3.6 above, the application of privilege in particular circumstances is not without exceptions and statutory limitations (see Section 5 below). Whether an exception applies or not depends on the balance of justice in the particular circumstances of the case, where its application is challenged.

²² Ibid.

²³ 449 US 383 (1981).

²⁴ Ibid, 389.

²⁵ *R v McClure* [2001] 1 SCR 445 [31].

Litigation privilege

- 3.16 Another privilege from disclosure closely related to solicitor-client privilege, but different in its scope, duration, and the rationale behind it, is known as “litigation privilege”. This privilege applies to communications (including documents) made in respect of contemplated or ongoing litigation, and is not limited to communications between a lawyer and a client as is solicitor-client privilege, but can extend to communications (including documents) between the client or the lawyer and third parties, provided they were made for the dominant purpose of the pending or contemplated litigation. Depending on the jurisdiction in question, litigation privilege may be referred to as “work product privilege” or “client legal privilege”.
- 3.17 In most common law jurisdictions, the test for claiming litigation privilege is the dominant purpose test, whereby the privilege only applies to communications (and documents) that are “for the dominant purpose” of the contemplated or ongoing litigation.²⁶
- 3.18 In general, litigation privilege attaches to two broad classes of documents or communications:²⁷
- (a) Documents that set out the lawyer’s impressions, strategies, legal theories of a case and associated work product; and
 - (b) Communications (including documents) made by the lawyer, client or third party, created for the purpose of the litigation, for example, witness statements, expert opinions and other documents from third parties.²⁸
- 3.19 Litigation privilege is thus broader than solicitor-client privilege in that (with the exception of Australian solicitor-client privilege, where the privilege extends to third parties) it extends not only to communications and documents as between a lawyer and client, but also to communications and documents involving non-lawyers and third parties. However, unlike solicitor-client privilege which is potentially perpetual, litigation privilege ends upon the termination of the litigation. Once the litigation has ended, privilege no longer protects from discovery “anything that would have been subject to compellable disclosure but for the pending or apprehended proceedings which provided its shield (though the communications remain confidential at the client’s discretion)”.²⁹
- 3.20 The rationale for litigation privilege is the belief that the litigation process will benefit from the promotion of factual and legal investigation. Without privilege, parties might engage in a less thorough investigation of the issues if the results of such investigation could be the subject of discovery.³⁰

²⁶ See, for example, *Three Rivers District Council v Governor and Company of the Bank of England (No. 6)* [2004] QB 916, *Blank v Canada (Minister of Justice)* [2006] 2 SCR 319, *Eso Australia Resources Limited v The Commissioner of Taxation* [1999] HCA 67.

²⁷ Robert W. Hubbard, Susan Magotiaux & Suzanne M. Duncan, *The Law of Privilege in Canada*, Release No. 8 (2009) at 12-2.1.

²⁸ *Ibid.*

²⁹ *Blank v Canada (Minister of Justice)* [2006] 2 S.C.R. 319, note 5 at 35.

³⁰ *Ibid.*, note 15 at 12-7.

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- 3.21 One of the earliest English cases to refer to litigation privilege was *Lyell v. Kennedy (No.2)*,³¹ in which the court held-

This further rule has been established, that the other side is not entitled, on discovery, to require the opponent to produce as a document those papers which the solicitor or attorney has prepared in the course of the case, and has sent to his client ... He may show it if he pleases; but it is a good answer to a discovery to say, "It was prepared for me by my legal adviser, my attorney, confidentially, and it is my privilege to say that you shall not read it;" and I think that it was hardly disputed that on discovery of documents you could not discover that brief.³²

- 3.22 More recently, the policy considerations behind litigation privilege, and the differences with respect to solicitor client privilege, were summarised by the Supreme Court of Canada in *Blank v. Canada (Minister of Justice)*³³ -

Litigation privilege, on the other hand, is not directed at, still less, restricted to, communications between solicitor and client. It contemplates, as well, communications between a solicitor and third parties. Its object is to ensure the efficacy of the adversarial process and not to promote the solicitor-client relationship. And to achieve this purpose, parties to litigation, represented or not, must be left to prepare their contending positions in private, without adversarial interference and without fear of premature disclosure.³⁴

- 3.23 In essence, litigation privilege seeks to facilitate the adversarial process, a central tenet to the functioning of the common-law system.³⁵ It is important to note for the purposes of the discussion that follows that litigation privilege will apply to communications (including documents) between non-lawyer IP advisers (eg patent and or trade-mark agents) and their clients and third parties to the extent that they were created for the dominant purpose of pending or anticipated litigation.

In-house lawyers

- 3.24 In most common law jurisdictions, the employer of an in-house lawyer is considered to be that lawyer's client. Communications between the in-house lawyer and the company are the subject of solicitor-client privilege, provided that the lawyer is acting in his or her capacity as a legal adviser in participating in the communications.

Limitations on the scope of solicitor-client privilege

- 3.25 In the next two sub-sections, limitations on the application of solicitor-client privilege are discussed. It is to be recalled however, that even if communications of the kind identified

³¹ (1883) 9 App. Cas. 81 (HL).

³² Ibid 86.

³³ *Blank v Canada (Minister of Justice)* [2006] 2 SCR 319, note 5.

³⁴ Ibid [27]. For a similar discussion of the differences in policy behind the various forms of privilege, see also the US and English decisions of: *In re L (A Minor)* [1997] AC 16 (HL); *Three Rivers District Council v. Governor and Company of the Bank of England (No. 6)* [2004] QB 916, [2004] EWCA Civ 218 (UK), and *Hickman v. Taylor* 329 US 495 (1947).

³⁵ *Blank v Canada (Minister of Justice)* [2006] 2 SCR 319 [28].

below would not be the subject of solicitor-client privilege, they may still be the subject of litigation privilege if appropriate.

Non-lawyer IP advisers

- 3.26 As noted above, the common law doctrine of solicitor-client privilege applies only in the context of a lawyer-client relationship. Thus solicitor-client privilege can only apply to communications between a client and their lawyer IP adviser (in the case of both an external and in-house lawyer). Under common law principles, communications between non-lawyer IP advisers and their clients would not be the subject of solicitor-client privilege, even though the non-lawyer IP adviser may be providing legal advice to some extent.
- 3.27 As a result, some jurisdictions have addressed this short-coming by adopting specific legislation creating, in essence, a statutory privilege for communications between non-lawyer IP advisers and their clients. The key examples of this are the UK, Australia and New Zealand.

United Kingdom

- 3.28 An example of this type of statutory provision is s280 of the *Copyright, Designs & Patents Act 1988* (UK)³⁶ which states:

280 Privilege for communications with patent agents

- (1) This section applies to communications as to any matter relating to the protection of any invention, design, technical information, trade mark or service mark, or as to any matter involving passing off.
- (2) Any such communication—
 - (a) between a person and his patent agent, or
 - (b) for the purpose of obtaining, or in response to a request for, information which a person is seeking for the purpose of instructing his patent agent,is privileged from disclosure in legal proceedings in England, Wales or Northern Ireland in the same way as a communication between a person and his solicitor or, as the case may be, a communication for the purpose of obtaining, or in response to a request for, information which a person seeks for the purpose of instructing his solicitor.
- (3) In subsection (2) “patent agent” means—
 - (a) a registered patent agent or a person who is on the European list,
 - (b) a partnership entitled to describe itself as a firm of patent agents or as a firm carrying on the business of a European patent attorney, or
 - (c) a body corporate entitled to describe itself as a patent agent or as a company carrying on the business of a European patent attorney.

³⁶ See also: *Trade Marks Act 1994* (UK), s87; *Courts & Legal Services Act 1990* (UK) s63. For Australia, see *Patents Act 1990* (Cth) s200(2) and see paragraph 3.29, and *Trade Marks Act 1995* (Cth) s229(1). For New Zealand, see *Evidence Amendment Act (No. 2) 1980* (NZ) s 34(2).

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- (4) It is hereby declared that in Scotland the rules of law which confer privilege from disclosure in legal proceedings in respect of communications extend to such communications as are mentioned in this section.

Australia

- 3.29 In Australia, privilege for clients of patent attorneys is provided under s200(2) of the *Patents Act 1990* (Cth) as follows:

A communication between a registered patent attorney and the attorney's client in intellectual property matters and any record or document made for the purposes of such a communication are privileged to the same extent as a communication between a solicitor and his or her client.

The words "... to the same extent as a communication between a solicitor and his or her client" potentially indicate that the privilege so provided is to be as broad as that which is applicable to the solicitor-client relationship. However, the words preceding the reference to the solicitor-client standard, limit the application of privilege more narrowly than applies to the solicitor-client relationship. The communications covered are by those words limited to those between a registered patent attorney and the attorney's client. This rules out of protection as being privileged from disclosure, communications by non-lawyer patent attorneys with third parties and with overseas patent attorneys or agents. The protection of clients of lawyers in Australia extends to communications with third parties and with overseas lawyers. Thus, there is a narrower limitation on the clients of non-lawyer patent attorneys. This is a subject for reform being considered in Australia.

Other Countries

- 3.30 In common law jurisdictions where there is no specific statutory protection for communications between non-lawyer IP advisers and their clients, then typically those communications will not typically be protected by the common law solicitor-client privilege. One such example of this is Canada, where communications between clients and their Canadian non-lawyer patent and/or trade-mark agents are not privileged. One of the leading Canadian decisions on point is that of the Canadian Federal Court of Appeal in *Lumonics Research Ltd. v. Gould et al.*³⁷ There, the Federal Court of Appeal held -

It is clear that ... the professional legal privilege does not extend to patent agents [non-lawyer IP advisers]. The sole reasons for that, however, is that patent agents as such are not members of the legal profession. That is why communications between them and their clients are not privileged even if those communications are made for the purpose of or giving legal advice or assistance.³⁸

- 3.31 In the US, the application of the common law solicitor-client privilege is subject to the laws of the 50 individual states as well as federal law.³⁹ Domestically, there is no statutory privilege for communications between non-lawyer agents and their clients akin to that

³⁷ (1983) 70 CPR (2d) 11.

³⁸ Ibid 15.

³⁹ David W Hill, "United States: Consistency Needed" in "Why privilege rules need to be reformed" (2008) 181 *Managing Intellectual Property* 58, 66.

found in the United Kingdom, Australia, and New Zealand. Nevertheless, it would appear that at least on some occasions, US courts in some jurisdictions have been prepared to conclude that communications between a US non-lawyer patent agent and client are in essence the subject of solicitor-client privilege, with one court for example concluding:

... where legal advice is sought from a patent agent in his capacity as such, the communications relating to that purpose, made in confidence by the client, are at his instance permanently protected from disclosure by himself or by the patent agent except the protection be waived.⁴⁰

However, this position has not been applied uniformly, and jurisdictional differences remain such that privilege may not be recognised at all or may only be recognised if the agent is acting as the subordinate of a lawyer.⁴¹

Dominant purpose of communications

- 3.32 As noted above, in most common-law jurisdictions, communications between a lawyer and their client are considered to be the subject of solicitor-client privilege only where those communications were made for the dominant purpose of obtaining or giving legal advice.
- 3.33 If in fact the lawyer is found by a court to have been acting in some capacity other than providing legal advice, then the communications will not, in general, be covered by solicitor-client privilege. This approach applies for example in a case where a lawyer, who is also qualified as a patent and/or trade-mark agent, is found to have been acting in his or her capacity as an agent, but not as a lawyer, in participating in the communications.⁴²

Privilege and foreign IP advisers

- 3.34 As noted above, different common law jurisdictions have different approaches to whether communications between a domestic non-lawyer IP adviser, in particular non-lawyer IP advisers, and their clients are entitled to privilege. The same can be said in respect of how a court in one jurisdiction treats a communication between a client and a foreign IP adviser. Overall, recent experiences in a number of jurisdictions have demonstrated a troubling lack of harmony as between the privilege that may attach to a communication in one country, and a court or tribunal's ability or willingness to uphold that privilege in another country, with the result that IP adviser-client communications that were considered privileged in one country at the time that the communications were made, have been forced to be disclosed publicly in another.
- 3.35 In order to better understand and consider the lack of harmony that exists in respect of the various national approaches to this issue of privilege and foreign IP advisers, the following is a brief overview of how some common-law jurisdictions approach this issue.

⁴⁰ *Mold-Masters Ltd v Husky Injection Molding Systems, Ltd.*, No. 01-C-1576, 2001 WL 1558303 (U.S. District Court, Northern Illinois, Eastern Division, 2001).

⁴¹ See, for example, *McCook Metals LLC v. Alcoa Inc.* 192 FRD 242 (N.D. Ill. 2000) and *Fordham v. Onesoft* 2000 WL 33341416 (E.D. Va. Nov. 6, 2000).

⁴² See, for example, *Moseley v. Victoria Rubber Co.* (1886) 4 RPC 351; *Montreal Fast Print (1975) Ltd. v. Polylok Corporation* (1983), 74 CPR (2d) 34.

United Kingdom

- 3.36 In the UK, the domestic common-law solicitor-client privilege rules apply to communications between a client and their foreign IP advisers who are also lawyers.⁴³
- 3.37 Foreign IP advisers who are registered on one of the European registers are covered by statutory privilege to the same extent as domestic IP advisers. Regarding the possible application of privilege for other foreign IP advisers, there is no recent case law. However, the relevant UK statutory provisions governing privilege for IP advisers are expressly limited to UK registered IP advisers or persons on the European registers. It is therefore likely that privilege would not extend to other foreign IP advisers (as was the case in Australia, where as discussed below similar statutory provisions were held by the Australian Federal Court of Appeal to be inapplicable to foreign IP advisers⁴⁴).

United States

- 3.38 As noted above, in the US, the application of privilege is subject to the laws of the 50 individual states, as well as federal law. Recognition of privilege in the context of an IP adviser-client relationship, where the foreign IP adviser is also a lawyer, varies across the different state jurisdictions. In general, if the law of the foreign country considers communications between a foreign lawyer IP adviser and his or her client as being privileged, that privilege will generally be respected by US courts in appropriate circumstances. This is also the case in some instances in respect of foreign non-lawyer IP advisers. However, the approach by US courts to this issue can vary, and whether communications between a foreign IP adviser, and in particular a non-lawyer IP advisor, and the client will be considered privileged in a given situation remains uncertain in the US.

Canada

- 3.39 Confidential communications between an IP owner and a foreign IP adviser who is also a lawyer will generally be considered privileged provided that the communications were made in respect of the provisions of legal advice, and on matters for which the lawyer is qualified to speak (ie legal advice regarding the jurisdiction in which the lawyer is qualified to practice).
- 3.40 Although the full extent of the Canadian law is uncertain in respect of communications between foreign non-lawyer IP advisers and their clients, in one recent case, *Lilly Icos LLC v. Pfizer Ireland Pharmaceuticals*,⁴⁵ the Federal Court of Canada held that communications between the inventors and their UK non-lawyer IP advisers were not privileged and were required to be produced in Canadian litigation. This was so even though the statutory privilege existed in the UK for such communications. Overall, it is likely that confidential communications between an IP owner and a foreign non-lawyer agent will not be considered privileged in Canada.

⁴³ See, for example, *Re Duncan (deceased) Garfield v. Fy* [1968] 2 All ER 395, followed in *McGregor Clothing Co. Ltd's Trade Mark* [1978] FSR 353.

⁴⁴ See: *Eli Lilly v Pfizer (No. 2)* [2004] FCA 850.

⁴⁵ (2006) 55 CPR (4th) 457, reversed on other grounds (2006) FC 1501 and (2006) FC 1500.

Australia

- 3.41 Solicitor-client privilege will apply where communications are undertaken for the dominant purpose of obtaining legal advice relating to the jurisdiction in which the lawyer practices.⁴⁶ However, in respect non-lawyer IP advisers in Australia dealing with foreign lawyer or non-lawyer IP advisers, the statutory privilege that applies to IP advisers in Australia (as discussed above) is limited to the clients of Australian IP advisers only, and does not include communications with third parties or with IP advisers who are not registered in Australia.⁴⁷

Malaysia

- 3.42 There are two statutory provisions governing solicitor-client privilege in Malaysia. The first, s126 of the *Evidence Act 1950* (Malaysia) pertains only to domestic lawyers. The second, s129 of the Act attaches privilege to all communications between a client and their *legal professional adviser*. While the interpretation of “legal professional adviser” has not been clearly articulated by Malaysian case law, based on the wording of s129 it is to be assumed to attach to communications between a client and foreign IP advisers who are also lawyers.⁴⁸
- 3.43 Only communications between clients and IP advisers who are lawyers as defined under ss126 and 129 of the *Evidence Act 1950* (Malaysia) are privileged.⁴⁹ There is no statutory provision establishing privilege for communications between non-lawyer IP advisers and their clients. Thus, communications between non-lawyer foreign IP advisers and their clients are not likely protected under Malaysian law.

India

- 3.44 Just as in Malaysia, there are two statutory provisions governing solicitor-client privilege in India. The first, s126 of the *Indian Evidence Act 1872* (India) protects communications between a domestic lawyer and their client. The second, s129 of the *Indian Evidence Act 1872* (India) states that no one shall be compelled to disclose to a court any confidential communication between him and his “legal adviser”. Based on the wording of s129, it is likely to attach to communications between a client and foreign IP advisers who are also lawyers, although this is not certain.⁵⁰
- 3.45 India does not provide privilege for non-lawyer domestic IP advisers. This is based upon the English case of *Wilden Pump Engineering Co. v. Fusfield*,⁵¹ in which the court stated that:

⁴⁶ See, for example, *Arrow Pharmaceuticals v Merck & Co. Inc.* (2004) 210 ALR 593 and *Kennedy v. Wallace* (2004) 142 FCR 185.

⁴⁷ See, for example, *Eli Lilly & Co. v. Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573.

⁴⁸ Dato V L Kandan, “Malaysia: no privilege for agents” in “Why privilege rules need to be reformed” (2008) 181 *Managing Intellectual Property* 58, 64.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

⁵¹ (1985) FSR 159.

There is no general professional privilege covering communications between a person and his patent agent. The category of professional legal advisers is confined to barristers and solicitors. Patent agents do not fall within it ...⁵²

While the issue has yet to be decided by Indian courts, it is likely that this interpretation applies to foreign non-lawyer foreign IP advisers as well.

4. Differences between protection from forcible disclosure obtained by privilege from disclosure (including professional secrecy) in civil law countries and by privilege in common law countries

4.1 The descriptions of civil law protection from disclosure and the same for common law above make it clear that the elements of these forms of protection against forcible disclosure, are rather different. However, they are both based on public interests and they effect similar outcomes. Each form of protection leads to the result that communications between the client and the IP professional adviser can occur in the knowledge that the adviser cannot disclose what is communicated. In each case, that is intended to lead to full and frank communications between the client and the IP professional adviser.

4.2 The differences between civil and common law forms of protection cannot be assessed for any practical purpose without also taking into account the fact that the common law involves the obligation of production by each party to the other of any record they have which is relevant to the matter in dispute, whereas there is no such obligation in the civil law.

4.3 However, in relation to understanding why harmonised minimum standards are necessary to overcome lack of and avoid loss of the protection, the fundamental cause of the loss of protection problem lies not so much in the detail of the differences between the civil and common law forms of protection but in the fact that the one country does not recognise the IP professionals of the next one for the application of protection from disclosure. In other words, the problem is not going to be solved by dealing with differences in detail between the two systems of law. One main reason for understanding the differences is to be able to reach that very conclusion ie that the problem is not going to be solved by dealing with the differences in detail.

4.4 Accordingly, tempered by the comments in the previous two paragraphs, the main differences between protection from disclosure afforded by civil law and common law, are as follows.

The holder of the right to privilege

- Privilege against having to disclose in common law is the right of the client and only the client can waive that right.
- Privilege against having to disclose in civil law is an exemption recognised by the law which most certainly applies to the lawyer and in some countries to the client as well. The client can waive the exemption applicable to the client and the lawyer

⁵² Ibid.

but the lawyers cannot be forced to disclose communications that are or were the subject of the exemption.

The obligations of professional secrecy (civil law) and of confidentiality (common law)

- In civil law countries, the lawyer is subject to an obligation of professional secrecy from which the lawyer cannot be relieved except by agreement with the client.
- Even if the client relieves the lawyer of the obligation, the lawyer cannot be forced to make disclosure of communications which were or are subject to professional secrecy.
- In common law countries, the lawyer is not usually subject to an enacted obligation of professional secrecy but is bound by duty to maintain confidentiality not to disclose communications with the client from which the lawyer cannot be relieved of that duty except by agreement with the client. If relieved of the obligation of confidentiality, theoretically the lawyer is compellable to disclose the communications.

The scope of protection

- In civil law countries whether in those where the combination of privilege and professional secrecy applies or where professional secrecy alone applies, the scope of the obligation not to disclose applies absolutely to whatever is relevant to the obtaining or giving of the advice.
- In common law countries, the scope of the protection from disclosure is narrower, that is, it applies only to the whole or that part of any communication which is for the dominant purpose of obtaining or giving legal advice.

In what circumstance do the forms of protection from disclosure, apply

- In common law countries, privilege applies to communications in the obtaining and giving of advice, whether litigation is actual or contemplated, or not. In most countries, however, privilege does not apply to communications with third parties absent actual or contemplated litigation.
- In civil law countries, civil law privilege (where it applies) and professional secrecy apply to communications where litigation is actual or contemplated. Professional secrecy applies as well to communications in the obtaining or giving of advice, absent actual or contemplated litigation. There is a growing application of privilege to communications which are for the purpose of obtaining or giving advice absent litigation actual or contemplated. At the level of the European Union and with regard to issues within its jurisdiction (such as raids with regard to violations of competition law), civil law privilege (including professional secrecy) is endorsed and applies in relation to legal advice where litigation is contemplated or actual.⁵³

⁵³ See *AM & S Europe Limited v Commission of the European Communities* (C 155/79) [1982] ECR 01575; *Akzo Nobel Chemicals Ltd and Akros Chemicals Ltd v the Commissions of the European Communities* (C550/07 P) [2007] ECR. The

In-house/Employee counsel

- As to in-house counsel, in common law countries, such a person can have sufficient independence from the company which employs that person, to support the company which employs that person having privilege against disclosure of communications between in-house counsel and company which are for the dominant purpose of the obtaining or giving of legal advice, whether in or out of litigation.
- As to in-house counsel, in civil law countries presently employment means that in-house counsel does not have sufficient independence from the company to support civil law privilege as to the communications between them for any purpose. However, statutory law may both impose professional secrecy and grant legal privilege to in-house counsel in civil law countries. In The Netherlands for instance, internal counsel may become a registered patent attorney or an attorney at law admitted to the bar, in which case they are subject to professional secrecy and enjoy legal privilege.

5. Exceptions to the application of privilege in common law countries and limitations by statute on the application of privilege

Background

- 5.1 Most common law countries recognise exceptions to the application of privilege. Some apply limitations to the application of privilege, by statute.
- 5.2 In this Submission, the focus is on the common law and statutory interventions in the US, Australia and the UK. This limited focus is a matter of convenience for the purpose of the description but is a reasonable exemplification of what can apply in common law jurisdictions.

USA Position

Exceptions

- 5.3 The case law states that the established common law exceptions reflect the understanding that, in certain circumstances, the privilege ceases to operate as a safeguard on "the proper functioning of our adversary system".⁵⁴ Exceptions to privilege include:
- crime-fraud exception;
 - testamentary exception.
- 5.4 The crime-fraud exception was considered by the case of *United States v Zolin* as cited above in 1989. The court noted that the "attorney-client privilege is not without its costs, citing an earlier case to define the limits of the privilege: "[S]ince the privilege has the effect of withholding relevant information from the factfinder, it applies only where

European Union is not a federation of States but rather a co-operation between States. The Member States have delegated jurisdiction for certain issues to the European Union, such as cross-border competition law.

⁵⁴ *United States v Zolin* (1989) 491 US 554, 562-563, quoted in *Swidler & Berlin v United States* (1998) 524 US 399.

necessary to achieve its purpose."⁵⁵ The court further noted that it "is the purpose of the crime-fraud exception to the attorney-client privilege to assure that the "seal of secrecy" between lawyer and client does not extend to communications "made for the purpose of getting advice for the commission of a fraud" or crime."⁵⁶

5.5 There is also a testamentary exception to privilege, which usually arises in the "context of a well recognised exception allowing disclosure for disputes among the client's heirs."⁵⁷

5.6 There are statutory limitations in the USA. A major issue has arisen as a result of the "post-Enron" world. The existence of corporate attorney-client privilege was established by the case of *Upjohn Co v United States* in 1981;⁵⁸ however, since that time the application of privilege has come under pressure in particular circumstances by policy emanating from the US Department of Justice (**DoJ**) and corporate regulators.⁵⁹ While lacking the force of statute, DoJ guidelines have

encouraged ... federal prosecutors to seek waivers by corporations of the attorney-client privilege in a sort of pro-quid-quo for favourable treatment by the prosecutor in considering whether to indict the corporation. Prosecutors then use a corporation's refusal to provide privilege waivers as an aggravating factor in favour of charging a corporation with a crime.⁶⁰

5.7 The tension so created has led to extensive debate in the US as to whether such exercise of discretion has a chilling effect on the protection from disclosing client-attorney communications. A Bill for an enactment entitled 'Attorney-Client Privilege Protection Act', is currently under consideration in the US Congress.⁶¹ The history of reactions in the US and the current DoJ guidelines coupled with that Bill, reflect the consensus which exists within the US on the importance of attorney- client privilege being maintained.

Australian Position

Exceptions

5.8 In *Carter v Northmore Hale Davy & Lake*, Justice Deane stated that in particular circumstances that "notwithstanding that legal professional privilege does attach, the court will override the privilege".⁶² Existing common law exceptions to privilege have been stated to be -

⁵⁵ *Trammel v United States* (1980) 445 US 40, 50, cited in *United States v Zolin* (1989) 491 US 554, 563.

⁵⁶ *United States v Zolin* (1989) 491 US 554, 563.

⁵⁷ *Swidler & Berlin v United States* (1998) 524 US 399.

⁵⁸ (1981) 449 US 383.

⁵⁹ R J Anello, "Preserving the Corporate Attorney-Client Privilege: Here and Abroad" (2008) 27 *Pennsylvania State International Law Review* 291, 291.

⁶¹ See <<http://www.govtrack.us/congress/bill.xpd?bill=s111-445>> at 22 June 2009.

⁶² (1995) 183 CLR 121, 135; cited in R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 102. This has recently arisen in *Kennedy v Wallace* (2004) 208 ALR 424.

- the name of the client;⁶³
- where "allowing the claim [to legal professional privilege] would frustrate legal processes";⁶⁴
- where advice has been sought prior to the commission of a crime or fraud for the purpose of committing the act (offending against the administration of justice)⁶⁵ – hence, the so-called crime-fraud exception;⁶⁶

5.9 Exceptions have been applied in Australia more broadly than the statement in the previous sub-paragraph – for example, it has been held that "communications concerning acts attracting the anti-avoidance measures in Pt IV A of the *Income Tax Assessment Act 1936* (Cth)" and a "communication with a lawyer which was in furtherance of a contravention of the *Trade Practices Act 1974* (Cth)" did not attract privilege.⁶⁷

5.10 Such limitations in Australia have been in two categories – express and conditional. An example of an express exception is the *Administrative Appeals Tribunal Act 1975* s37(3) "which imposes an obligation to lodge certain documents with the Tribunal "notwithstanding any rule of law relating to privilege or public interest in relation to the production of documents". An example of a conditional exception is in the *Trade Practices Act 1974* (Cth) ss157(2) and 157(3) which provide that a court can order the Australian competition authority to "comply with a request" for information, but is not required to do so if "the court considers it inappropriate to make the order by reason that the disclosure of the contents of the document or part of the document would prejudice any person, or for any other reason".

5.11 The Australian legislature has also chosen to word statutory provisions that negate the privilege by implication.⁶⁸ However, the recent decision of the High Court of Australia in *Daniels Corporation International Pty Ltd v ACCC*⁶⁹ suggests that the courts will only find that a statute abrogates legal professional privilege in cases where "very clear, indeed unmistakable, provisions of legislation" exist which deny the application of privilege.

UK Position

Exceptions

5.12 Common law exceptions to privilege include:

⁶³ *Commissioner of Taxation v Coombes* (1999) 92 FCR 240, cited in V A Morfuni, SC, "Legal Professional Privilege and the Government's Right to Access Information and Documents" (2004) 33 *Australian Tax Review* 89, 106.

⁶⁴ *R v Bell; Ex parte Lees* (1980) 146 CLR 141.

⁶⁵ *R v Cox & Railton* (1884) 14 QBD 153; *Varawa v Howard Smith & Co Ltd* (1910) 10 CLR 382, R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 104-106. For more recent authority, see *Baker v Campbell* (1983) 153 CLR 52, 86.

⁶⁶ R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 107.

⁶⁷ R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 109.

⁶⁸ R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 123

⁶⁹ (2002) 213 CLR 543, cited in R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 126-127.

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- the name of the client;⁷⁰
 - crime-fraud exception.
- 5.13 With regard to the crime-fraud exception, Goff J held that "fraud in this connection is not limited to the tort of deceit and includes all forms of fraud and dishonesty such as fraudulent breach of trust, fraudulent conspiracy, trickery and sham contrivances ..."⁷¹
- 5.14 UK courts may have a broader position on exceptions to legal professional privilege than their Australian counterparts, on the strength of the case of *Barclays Bank plc v Eustace* in which it was held – that "where legal advice is given to further a purpose that is "sufficiently iniquitous", then legal professional privilege will not attach to such communications *whether or not the client was aware of the wrongdoing thereby facilitated*."⁷²
- 5.15 Statutory limitations on the application of privilege also exist in the UK. For example, "where a plaintiff seeks an extension of the limitation period pursuant to the *Limitation Act 1980*, a partial waiver of privilege may be compelled."⁷³ Another example is found in the *Police and Criminal Evidence Act 1984* (UK) s10 which contains provisions enabling the prosecuting authorities to obtain orders for the production of "special procedure material."⁷⁴
- 6. The issue whether the Paris Convention, TRIPS treaty or GATS Agreement relate to potential harmonisation of protection from forcible disclosure of IP professional advice (the relevant protection).**
- Paris Convention (Paris)**
- 6.1 Article 2(1) of Paris is its centrepiece. That Article provided for (equal) national treatment. Thus the nationals of all members of the Paris Union have the same rights in relation to protection of industrial property in any particular country as do the nationals of that country.
- 6.2 In the context of Article 2(1) of Paris ie the advance represented by the requirement of equal national treatment, Article 2(3) provided a reservation in respect of the laws of each of the countries of the Union relating to judicial and administrative procedure. Those laws and any relating to the designation of an address for service or of the appointment of an agent are expressly reserved.
- 6.3 Accordingly, the requirements of Article 2(1) relating to the requirement of national treatment do not affect the laws of each of the countries of the Union in relation to judicial and administrative procedure and address for service.
- 6.4 The reservation of the laws relating to judicial and administrative procedure and so on, is made only in the context of acceptance by signatories to the treaty of the application of national treatment.

⁷⁰ *R (on the application of Howe) v South Durham Magistrates Court* [2004] EWHC (Admin) 362, [30], cited in R S Pike, "English Law of Legal Professional Privilege" (2006-2007) 4(1) *Loyola University Chicago Journal of International Law* 74.

⁷¹ *Crescent Farm (Sidcup) Sports Ltd v Sterling Offices Ltd* [1972] 1 Ch 553, cited in R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 107

⁷² R J Desiatnik, *Legal Professional Privilege in Australia* (2nd ed, 2005) 114.

⁷³ M N Howard, P Crane & D A Hochberg, *Phipson On Evidence* (14th ed, 1990) [20-39].

⁷⁴ *Ibid* [20-27].

6.5 Paris does not focus on privilege, professional secrecy or any other form of protection against forcible disclosure of IP professional advice.

6.6 Thus Article 2(3) does not relate to and therefore does not effect any embargo on the making of an agreement to harmonise national laws relating to the relevant protection.

TRIPS

6.7 Article 3 of TRIPS provided for national treatment with regard to a number of treaties which then already existed including the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits. In this context, Article 1 (ie the requirement of national treatment) was expressed to be subject to the exceptions already provided in those treaties.

6.8 The exceptions made in each of those treaties are limitations on the application of national treatment provided for in each of those treaties. None of those exceptions relates to the relevant protection. Accordingly, they in no way embargo or otherwise affect the potential for making an agreement to harmonise laws relating to privilege, professional secrecy or any other form of protection against the forcible disclosure of IP professional advice.

GATS

6.9 GATS Mode 4 relates to the provision of the services of employees from one country to another. The agreement gives individual governments the ability to choose which services are included, and as to those services selected, to "set limitations specifying the level of market access and the degree of national treatment they are prepared to guarantee".⁷⁵ GATS does not affect the national ability of a country to regulate services. Legal services are normally governed by national laws requiring citizenship and/or residency in that country plus locally obtained qualifications.

6.10 Accordingly, GATS Mode 4 does not affect or in any way embargo the potential for making an agreement between countries to harmonise their laws relating to privilege, professional secrecy or any form of protection against forcible disclosure of IP professional advice.

7. Protection of IP clients against forcible disclosure of their IP legal advice: whether this provides a basis for expansion of privilege to other professionals?

7.1 Some delegates have queried whether harmonisation of laws relating to forcible disclosure of IP professional advice, will lend weight to the expansion of privilege (or other forms of protection against forcible disclosure) to clients of professionals other than IP professionals.

7.2 There are numerous assumptions involved in this topic (like the assumption that such an expansion would be undesirable) which are not in themselves without controversy. There are two main points which make it unnecessary to deal with those assumptions in this Submission.

7.3 **First**, harmonisation in relation to IP professionals is about making right the 'system' of protection which is already in place in most countries but which is in trouble. To the extent that the existence of protection against forcible disclosure is capable of being criticised for

⁷⁵ See <http://www.wto.org/english/tratop_e/serv_e/gatsfacts1004_e.pdf> at 10 July 2009.

encouraging an expansion of privilege to other professionals, such protection already exists and it has not caused the suggested expansion to other professionals.

- 7.4 **Secondly**, where privilege law in relation to IP professional advisers has been improved over time (eg. in the UK and Australia) by the application of privilege to non-lawyer patent agents (UK) and patent attorneys (Australia), the making of those improvements has not led to the expansion of privilege to other professionals.
- 7.5 Accordingly, the history of the establishing and improvement of client IP professional privilege around the world, is against the matter of concern of potential expansion to other professionals that has been expressed.
- 7.6 The concern about potential for expansion also tends to overlook the fact that the creation of protection against forcible disclosure of IP professional advice is based on public interest – see Sections 2, 3 and 4 above. Where countries have adopted such protection, they have acted in doing that in their own public interest. The proposal for harmonisation is to make good the existing attempts to provide protection against forcible disclosure which is long accepted as being in the public interest.
- 7.7 Other facts which the concern about expansion to other professionals tends to overlook are as follows.
- (a) No such expansion is justifiable unless (at least as part of the analysis of such a proposal) that expansion is also judged (in its own circumstances) to be in the public interest of the particular country.
 - (b) The global IP system is a special case in which the users of IP rights (including opponents) have the need to rationalise their legal advice from country to country. It is the transmission of IP legal advice around the world which causes protection against forcible disclosure to be compromised or lost. These special circumstances of IP professionals would have to be "mirrored" by the circumstances of "other professionals" for the improvements proposed for clients of IP professionals to be relevant to them. That seems rather unlikely to be the case.

8. Free assistance offered to users of the patent system (including opponents of particular rights) by National Offices

- 8.1 Such assistance does not involve or touch on the existing forms of protection against forcible disclosure of IP professional advice.
- 8.2 The assistance itself does not fall under any of the forms of the relevant protection which are now in force (privilege, professional secrecy and confidentiality).
- 8.3 The obtaining of such assistance by a person who had previously obtained IP professional advice which was protected from forcible disclosure, could involve disclosures by that person that could compromise that person's protection from disclosure. However, that is a risk which applies to any person who acts in a manner contrary to the maintenance of confidentiality in communications which would otherwise be so protected.
- 8.4 Accordingly, the harmonisation of laws relating to protection against forcible disclosure of IP professional advice, does not affect the offering of such assistance by National Offices.

The person obtaining such assistance needs to guard against disclosures that could compromise that person's IP professional advice.

8.5 There are other issues involved in the giving and obtaining of such assistance (eg liability for advice so given if it is wrong) but they are not involved in the "free assistance" issue which has been raised by the Member States.

9. The public interest justification and rationale for protection against forcible disclosure of IP professional advice is paramount.

9.1 This Submission acknowledges in the Background above (third paragraph on page 2) that it was established in the WIPO/AIPPI Conference on CPIPPA in May 2008 that public and private interests are aligned in support of the need for privilege or equivalent protection against IP professional advice being forcibly disclosed.

9.2 The Submission further asserts that the emphasis of legal theory recognised by the laws of member states including both common law and civil law countries, is that the public interest (as compared with private interests) is the paramount one.

9.3 The correctness of this proposition (ie the public interest basis for the protection being paramount) is not controversial because the public interest in effective administration and application of the law by enabling citizens to be correctly advised, is obviously fundamental to governance.

9.4 It is not surprising therefore, (as observed by the US Supreme Court), that the law permits exceptions to disclosure "...where it can be shown that they are required by a public good transcending the normally predominant principle of utilising all rationale means for ascertaining truth."⁷⁶

9.5 The law cannot be correctly applied to the circumstances of a particular person unless those circumstances are fully known by the adviser. The interests of the public are in having the law enforced by correct advice. The interests of both public and private persons are in obtaining the best advice. Thus, the public interest in having protection from disclosure is wider and goes beyond that of the private person whose need is for "best advice".

9.6 The early authority in the common law *Greenough v Gaskell* (of 1580) cited in paragraph 3.11 above is still authority for the need to apply privilege as protection against forcible disclosure of legal advice. That authority cites "the interests of justice" and "the administration of justice" as matters to which regard should be had as the foundation of privilege.

9.7 As to professional secrecy, Emile Garçon's commentary on Article 378 of the 1810 French Criminal Code stated (as quoted in paragraph 2.3 above) that "Professional secrecy is only based on a public interest". That assertion was explained on the basis of the need of society to be able to obtain the assistance of professionals in confidence. It was further asserted that it is thus crucial to public order that confidants be bound to remain silent because individuals cannot seek assistance from professionals if they fear that by doing that, their secret (information) will be revealed.

⁷⁶ *Jaffee v Redmond*, 518 US 1 (1996).

9.8 Whilst the categorisation of their purposes differs as between the one form of protection (professional secrecy) and the other (privilege), they both have the effect that the person seeking advice is able to make full disclosure to the adviser because disclosure by the adviser of the information provided to enable the advice to be given and of the advice given, is not forcible.

31 August, 2009
