

## Questionnaire Q199

### Remedies to protect the right of clients against forcible disclosure of their IP professional advice

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**National Group:** Australia

**Contributors:** Matthew Swinn

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#### 1. Q.199 - Questionnaire

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The Groups are asked to reply to the following questions in the context of what applies or what they may consider ought to apply in their own country or by agreement between their country and others, as may be appropriate to the particular question. The responses of each Group need to be endorsed by that Group. It will be helpful and appreciated if the Groups follow the order of the questions in their reports and use the questions and numbers for their responses.

In the responses below:

**Lawyer IP Professionals** means IP Professionals who are lawyers (and includes an Australian patent attorney or trade mark attorney who is also an Australian lawyer).

**Non Lawyer IP Professionals** means registered Australian patent attorneys and trade mark attorneys (who are not also Australian lawyers).

#### **Present position**

#### **Local position**

- 1.1 What protection of clients against forcible disclosure of communications relating to IP professional advice applies in your country as to such communications between clients and IP professionals within your country? When was this protection introduced into your law?

In relation to Lawyer IP Professionals, courts recognise a common law right to legal professional privilege which protects the communication against forcible disclosure through court processes. This applies to both communications between a client, the client's lawyer and third parties for the "dominant purpose" of, either:

1. use in or in relation to litigation which is either pending or contemplated (litigation privilege); or
2. obtaining or giving legal advice (legal advice privilege).

The common law right referred to above has applied in Australia for at least decades.

In relation to Non-Lawyer IP Professionals, the Patents Act 1990 (Cth) (**Patents Act**) and Trade Marks Act 1995 (Cth) (**Trade Marks Act**) both provide for a limited privilege which applies to communications made in intellectual property matters to the same extent as privilege would attach between a lawyer and client under the common law doctrine of legal professional privilege.

Section 200 of the Patents Act provides:

(2) 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.

(4) In this section:

*intellectual property matters* means:

- (a) matters relating to patents; or
- (b) matters relating to trade marks; or
- (c) matters relating to designs; or
- (d) any related matters.

Similarly, section 229 of the Trade Marks Act provides a corresponding privilege in respect of registered trade marks attorneys.

A statutory privilege for patent attorneys has been part of Australian law since the original Commonwealth patents legislation was enacted in 1903, save for the period from the enactment of the Patents Act 1952 to 1960, at which time the privilege was reintroduced.

- 1.2 What protection of clients against forcible disclosure of communications relating to IP professional advice applies in your country as to such communications between clients and third parties (such as technical experts) where their advice is required to enable legal advice related to IP to be obtained and given?

Communications between clients and third parties will only attract the protection of legal professional privilege if they were made for the "dominant purpose" of either:

1. use in or in relation to litigation which is either pending or contemplated (litigation privilege); or
2. obtaining or giving legal advice (legal advice privilege).

- 1.3 What protection of clients against forcible disclosure of communications relating to IP professional advice applies as to such communications between IP professionals and third parties (such as technical experts) where their advice is required to enable IP legal advice to be obtained and given?

In relation to Lawyer IP Professionals, the common law doctrine of legal professional privilege applies to communications between Lawyer IP Professionals and third parties, subject to the communications satisfying the “dominant purpose” test.

In relation to Non-Lawyer IP Professionals, commentators have suggested that third party communications would not be protected as the statutory privilege is expressed only to apply to communications between the IP professional and their client.

#### **Overseas communications**

- 1.4 What protection of clients applies in your country against forcible disclosure of communications relating to IP professional advice where those communications are (a) between their local IP professionals in your country and overseas IP professionals, and (b) between clients and overseas IP professionals?

Where an Australian lawyer communicates with an overseas IP professional (whether lawyer or non-lawyer) and the communication satisfies the “dominant purpose” test, that communication will be protected under legal professional privilege.

Where a Non-Lawyer IP Professional or client communicates with an overseas IP professional who is a lawyer and the “dominant purpose test” is satisfied then legal professional privilege will apply.<sup>1</sup>

Where a Non-Lawyer IP Professional in Australia communicates with an overseas patent or trade mark attorney (who is not a lawyer), those communications will not attract the protection of the statutory privilege in Australia as the statutory protection is expressed to only apply to communications between the IP Professionals and their clients.

Where a client communicates with an overseas patent or trade mark attorney (who is not a lawyer), those communications will not be privileged in Australia.<sup>2</sup>

#### **Scope of protection – qualifications of IP professional advisers**

- 1.5 As to each of the following sub-paragraphs (i) to (iv) inclusive, to what category or categories (eg lawyer, lawyer/patent attorney, non lawyer patent attorney, lawyer/trade marks attorney, non lawyer trade marks attorney etc) of IP professional adviser does the client protection described in your answer to previous questions denoted below, apply or not apply, including whether your answers apply only to external advisers, or also to in-house advisers?

- (i) as to 1.1. ie the protection (if any) of clients against forcible disclosure of communications relating to IP professional advice which applies in your country as to such communications between clients and IP professionals within your country?

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<sup>1</sup> *Arrow v Merck; Kennedy v Wallace*

<sup>2</sup> *Eli Lilly & Co v. Pfizer Ireland Pharmaceuticals* (2004) 137 FCR 573, in which the Court held that the Patents Act privilege applied only to communications from/to a patent attorney registered in Australia under that Act.

- (ii) as to 1.2 ie the protection (if any) of clients against forcible disclosure of communications relating to IP professional advice which applies in your country as to such communications between clients and third parties (such as technical experts) where their advice is required to enable legal advice related to IP to be obtained and given?
- (iii) as to 1.3 ie the protection (if any) of clients against forcible disclosure of communications relating to IP professional advice which applies as to such communications between IP professionals and third parties (such as technical experts) where their advice is required to enable IP legal advice to be obtained and given?
- (iv) as to 1.4 ie the protection (if any) of clients which applies in your country against forcible disclosure of communications relating to IP professional advice as to those communications which are (a) between their local IP professionals in your country and overseas IP professionals, and (b) between the clients and overseas IP professionals?

See the responses given above. There is no distinction drawn between external advisers and in-house advisers provided that an in-house adviser is truly acting in the capacity of an adviser (rather than as an executive within the business).

### **Limitations and exceptions**

1.6 What limitations (eg dominant purpose test, judges' discretion to do justice etc) and/or exceptions (eg crime/fraud etc) and/or waivers apply to the protection described in your answers to previous questions denoted below?

- (i) as to 1.1 ie the protection (if any) of clients against forcible disclosure of communications relating to IP professional advice which applies in your country as to such communications between clients and IP professionals within your country?
- (ii) as to 1.2 ie the protection (if any) of clients against forcible disclosure of communications relating to IP professional advice which applies in your country as to such communications between clients and third parties (such as technical experts) where their advice is required to enable legal advice related to IP to be obtained and given?
- (iii) as to 1.3 ie the protection (if any) of clients against forcible disclosure of communications relating to IP professional advice which applies as to such communications between IP professionals and third parties (such as technical experts) where their advice is required to enable IP legal advice to be obtained and given?
- (iv) as to 1.4 ie the protection (if any) of clients which applies in your country against forcible disclosure of communications relating to IP professional advice where those communications are (a) between their local IP professionals in your country and overseas IP professionals, and (b) between the clients and overseas IP professionals?

In relation to both Lawyer IP Professionals and Non Lawyer IP Professionals (and in respect of all the kinds of communications to which privilege applies in (i) to (iv), as discussed above), the limitations to privilege at common law apply equally to the statutory privileges. This is because the relevant sections of the Patents Act and Trade Marks Acts provide that communications that attract the statutory privilege “are privileged to the same extent as a communication between a solicitor and his or her client”. Therefore, in relation to both Lawyer IP Professionals and Non Lawyers IP Professionals, a number of limitations and exceptions apply.

- (a) Privilege may be waived by the client performing an act (express or implied, deliberate or inadvertent) which is inconsistent with the confidence being preserved by the privilege.
- (b) An exception applies to communications to facilitate crime, fraud or for an illegal purpose.
- (c) Facts discovered by the adviser in the course of the adviser/client relationship are not privileged. This is because the discovery of facts through observation is not a “communication” which receives the protection of privilege.
- (d) There are a number of specific instances where the protection of the privilege has been abrogated by statute.

## **Quality of protection**

### **Local communications**

1.7 Does your Group consider that the protection described in answer to questions denoted below is of appropriate quality, or not, and if not, why not – including what are the problems in practice?

- (i) as to 1.1 ie the protection of clients against forcible disclosure of communications relating to IP professional advice which applies in your country as to such communications between clients and IP professionals within your country?

The Group considers that the protection of communications between clients and both Lawyer IP Professionals and Non Lawyer IP Professionals is of appropriate quality.

- (ii) as to 1.2 ie the protection of clients against forcible disclosure of communications relating to IP professional advice which applies in your country as to such communications between clients and third parties (such as technical experts) where their advice is required to enable legal advice related to IP to be obtained and given?

The Group considers that the protection of communications between clients and third parties to enable legal advice to be given by a Lawyer IP Professional needs to be confirmed by statute as applying to oral as well as documentary communications, but is otherwise adequate.

However, the Group considers that the protection of communications between clients and third parties to enable advice to be given by a Non Lawyer IP Professional is not of appropriate quality as the statutory privileges may not apply to communications between clients and third parties, even if for the dominant purpose of enabling legal advice related to IP to be obtained and given.

- (iii) as to 1.3 ie the protection of clients against forcible disclosure of communications relating to IP professional advice which applies as to such communications between IP professionals and third parties (such as technical experts) where their advice is required to enable IP legal advice to be obtained and given?

The Group considers that the protection of communications between Lawyer IP Professionals and third parties, where their advice is required to enable IP legal advice to be given, needs to be confirmed by statute to apply to oral as well as documentary communications but is otherwise adequate.

However, the Group considers that the protection of communications between Non Lawyer IP Professionals and third parties, where their advice is required to enable IP legal advice to be given, is not of appropriate quality as the statutory privileges may not apply to communications between clients and third parties.

- (iv) as to 1.4 ie the protection applies in your country against forcible disclosure of communications applies to clients relating to IP professional advice where those communications are (a) between their local IP professionals in your country and overseas IP professionals, and (b) between clients and overseas IP professionals?

See 1.8 below.

#### **Communications with overseas IP advisers**

- 1.8 Does your Group consider that the protection described in answer to question 1.4 above is of appropriate quality or not, and if not, why not – what are the problems in practice?

The Group considers that the protection of legal professional privilege with respect to communications between a:

1. Lawyer IP Professional and overseas IP Professional (whether or not a lawyer); and
2. client and overseas IP Professional (who is a lawyer);

applies to the same extent as it would between a solicitor and client in Australia and is therefore of appropriate quality.

The Group considers that privilege applying to communications between Non-Lawyer IP Professionals and overseas IP Professionals needs to be established or made certain by statute. The lack of privilege as to Non-Lawyer IP Professionals and overseas IP Professionals (where they are not lawyers) is of substantial concern.

These concerns are illustrated by the *Eli Lilly* case<sup>3</sup>. There was a call for production in Australian infringement/revocation proceedings of documents passing between the inventor and the in-house patent attorney (who was registered as a European Patent Attorney but was not a lawyer), both of whom were in the UK. The documents included instructions on the preparation of the specification of the priority document of the patent in suit, including a discussion of some of the relevant prior art. Although those documents were protected by privilege in the UK, that privilege was not recognised by the Australian court because the in-house attorney was not an Australian patent attorney registered under the Patents Act. The documents were ordered to be produced. This had a flow-on effect to other jurisdictions – the loss of privilege in Australia resulted in the documents losing privilege in the US, where corresponding litigation was also pending.

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<sup>3</sup> See n. 2.

## 2. Remedies

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### **The 'device' to be agreed and applied within and between countries**

The Working Guidelines indicate that such a 'device' could be on a scale between unilateral changes and treaties. However, unilateral changes will not solve the problem that no country is immune from the potential that IP legal advice which is protected from disclosure within its own borders, will be required to be disclosed in another country or countries (see para 2.4 (viii)). The Groups are requested to focus on the standard or principle required to remedy problems nationally and internationally (see para 4.6).

### **Limitations**

#### **Tests such as the 'dominant purpose' test.**

- 2.1 Does your Group agree that provision should be made in the agreed principle or standard that countries may limit the documents to which protection applies in their country to such standard or by such test as defines what relationship is required between the documents and the IP legal advice for which protection from disclosure is claimed?

The Group agrees that countries should be able to limit the degree of protection that applies to IP advice in their country but not so that it is more limited than applies to documents containing communications between lawyer and client.

- 2.2 As to your answer to 2.1 (bearing in mind that it would not be mandatory for any country to have such a limitation), why?

Any principle or standard that prescribes greater protection to communications between a client and an IP Professional than would otherwise be given to communications between a lawyer and a client in that country is likely to be met with staunch opposition. Accordingly, if any agreed principle or standard is to have any practical hope of widespread adoption, the Group considers that it should be capable of limitation by member states such that it corresponds with the level of protection given to communications between a lawyer and a client in that country. This might well extend to limitations on the relationship between the document and the IP advice such as the "dominant purpose" test which prevails in Australia.

#### **Judicial discretion to deny protection**

- 2.3 Does your Group agree (as para 2.7 of the Working Guidelines suggests) that provision should be made in the agreed principle or standard, that countries may allow judicial discretion to deny protection from disclosure where that is found on reasonable grounds to be required in order to enable the court to do justice between the parties?

Yes. See 2.1 and 2.2 above.

- 2.4 As to your answer to 2.3 (bearing in mind that it would not be mandatory for any country to have such a limitation), why?

See 2.2 above.

- 2.5 If your Group considers that the limitation in relation to judicial discretion would be acceptable if expressed differently from 2.3, how would you express it?

The Group considers that the limitation is acceptable if it is made to the extent that judicial discretion applies to the protection from disclosure in respect of communications between lawyers and clients in the relevant country.

**Qualifications required of IP advisers**

- 2.6 Does your Group agree (as para 4.14 of the Working Guidelines suggests) that the standard required by the principle agreed should be no more than requiring the IP adviser 'to be qualified to give the IP advice in relation to which the question arises, in the country in which the advice is given'?

Noting that in Australia patent and trade mark attorneys are required to be registered, the Group agrees with the way in which the standard is expressed above.

- 2.7 If your answer to 2.6 is no, if your Group considers that the limitation would be acceptable if differently expressed, how would you express it?

- 2.8 If for some category of IP adviser in your country, no qualification is required –

- (i) What category is that?
- (ii) Do you think that protection from forcible disclosure of IP professional advice should apply to communications relating to the advice between clients and persons in that category?
- (iii) As to your answer to sub-para (ii), why?

**Scope of protection against forcible disclosure – the differences between lawyer-client privilege and litigation privilege**

- 2.9 Does your Group agree in principle (para 4.25 of the Working Guidelines raises this question) that the standard or principle agreed should allow countries to limit the protection they provide according to categories of privilege which are currently part of their law?

Yes. See 2.1 above.

- 2.10 If no to 2.9 (bearing in mind that such a limitation would not import any effect on a country that does not already have such a limitation unless it voluntarily adopted such a limitation), why?



- 2.11 As to any country which applies a limitation referred to in para 2.9, do you agree that the agreed standard or principle should not deny such a country the right to vary or abolish such a limitation should it wish to do so in the future – in other words, there should be liberty to vary or abolish a presently applied limitation?

Yes.

- 2.12 If yes to 2.11, what limitation (if any) should apply to the liberty to vary or abolish a previously applied limitation and how would you express it?

The only limitation should be to ensure that any applicable categories of privilege are varied or abolished in respect of IP advisers only if similarly varied or abolished in respect of lawyers.

### **Exceptions and waivers**

- 2.13 **Does your Group agree in principle (para 4.30 of the Working Guidelines suggests this) that the standard or principle agreed should in any particular country be subject to any exception (such as the crime-fraud exception) and waivers which are already part of the law of that country.**

Yes. See 2.1

- 2.14 Assuming that the maintenance of exceptions and waivers already part of the law of any country is accepted in AIPPI, does your Group agree that the allowance of existing exceptions and waivers should not deny any country the right to vary or to abolish any such an exception or waiver should it wish to do so in the future, in other words, that there should be liberty to vary or abolish a presently applied exception or waiver?

Yes.

- 2.15 If yes to 2.14, what limitation (if any) should apply to the liberty to vary or abolish a previously applied exception or waiver and how would you express it, in particular should e.g. the limitation for the “3-point-exception” as discussed in para 4.28 above also set limits in this case?

The only limitation should be to ensure that any applicable categories of privilege are varied or abolished in respect of IP advisers only if similarly varied or abolished in respect of lawyers.

- 2.16 Since the introduction of protection against forcible disclosure of IP professional advice in your country, have you experienced any adverse effects including as reported in case law or known empirically, from that introduction - if so, what are the details?

The Group is not aware of any adverse effects.

## **The AIPPI proposal compared with the alternative described in Section 5 above**

- 2.17 Leaving aside the potential need to provide for limitations and exceptions in relation to the AIPPI proposal, and assuming there are no other proposals, from the Groups as an alternative to the AIPPI proposal, which of these two proposals (the AIPPI and the alternative in Section 5 above), does your Group prefer and if so why?

Broadly speaking, the Group prefers the AIPPI proposal. However, the AIPPI proposal will need to permit limitations and exceptions on a country-by-country basis if it is to have any hope of adoption. If this proposition is accepted then, like the Section 5 proposal, clients will continue to have the uncertainty of different standards applying in different countries. The Group considers that consequence to be unavoidable, from a practical perspective.

## **Proposals from your Group**

- 2.18 Assuming that your Group would prefer a proposal different from those proposed by AIPPI or in Section 5, please describe the preferred proposal of your Group.

The AIPPI proposal suffers the same ambiguity as the Australian statutory privileges in that it is not entirely apparent whether the privilege is intended to extend to communications between an IP adviser and a third party or a client and a third party, for the purpose of obtaining or providing IP advice. The proposal should state this unambiguously.

- 2.19 The Groups are invited to submit any further comments they might have with regard to the principles of remedies in the context of this Questionnaire, which have not been dealt with or mentioned specifically in the Questionnaire.
- 2.20 With the introduction of protection against forcible disclosure of IP professional advice or any other remedy as discussed above into your national law, do you expect any adverse effects on your national law, the patent system as such or any other? If so, what are the details?

No.

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