

Questionnaire Q199

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

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National Group: Israel

Contributors: Tal Band

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Please note that in answering the questionnaire, no deliberations or discussions were held with the various members of the Israeli group. Therefore, the reply below reflects S. Horowitz & Co.'s opinion only.

1. Q.199 - Questionnaire

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.

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?

According to the applicable Israeli law dealing with privilege, a distinction should be made between two main categories of "IP professionals". While attorney-client privilege is governed by statutory law, namely by the Evidence Ordinance [New Version], 5731-1971 ("the Evidence Ordinance"), and the Bar Association Law, 5721-1961, patent agent-client ("non-attorney") privilege is neither mentioned in the Ordinance nor in the Patents Law, 5727-1967 ("the Patents Law"), but has rather evolved through the court's case law. Pursuant to the Evidence Ordinance, communications between an attorney and his client are considered to be privileged (which privilege is absolute), provided that the client has not waived the privilege, as will be clarified in more details below.

As far as client - patent agent privilege concerns, according to a decision rendered by the Israeli District Court, communications between an Israeli patent agent and his client, on patent related issues, are privileged. This concept was raised for the first time in a decision rendered by the Tel-Aviv District Court in 1984 (C.F. 2284/83; M.F. 9187/83 Naan Metal Works v. Hydroplan Engineering, P.M. 1984 (b) 397 ("the Naan case")). It should be mentioned that such decision has not yet been affirmed by the Israeli Supreme Court. However, it has been cited, and supported, by the honourable J. Kedmi, a former Supreme Court Justice, in his leading treatise on evidence law in Israel.

In the Naan case, the Court held that, in certain circumstances, documents prepared by a patent agent in the course of the prosecution of a patent may be deemed privileged under the privilege rule applicable to documents prepared in anticipation of litigation ("the litigation privilege). However, the Court did not explain under what specific circumstances that rule would apply. Nonetheless, the Court held that, in the case at hand, in view of the numerous legal disputes which existed in connection with the relevant patents, it would be fair to state that the work performed by the patent agent relating to the registration of those patents, had been performed in anticipation of litigation.

It should be also noted that in the framework of the litigation privilege, the "dominant purpose" doctrine should apply. According to said rule the anticipation of litigation privilege would apply only if the dominant purpose for preparing the document was in preparation for litigation. Therefore it should be questioned whether such doctrine could be applied broadly so as to cover communications relating to the registration of patents as well. In view of the above, we are of the opinion that it would apply where the subject-matter of the communications concerns potential infringement, or even the validity of patents.

- 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 (such as technical experts) could be regarded as privileged under the "anticipation of litigation privilege", provided such communication met the case criteria. The privilege on documents prepared in anticipation of a trial is not statutory but evolved by the Supreme Court.

According to the current Supreme Court case law “anticipation of litigation privilege”, would apply provided that dominant purpose for preparing the document was in preparation for litigation. If an anticipated trial was merely one of the reasons, or purposes, for preparing the document, it would not be considered privileged.

- 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?

As to correspondence exchanged between an attorney and such third party concerns the statutory privilege will apply. With respect to communication between patent agents and third parties, we believe that our answer to question 1.2 above will equally apply, provided that the dominant purpose doctrine is proven. This rule may apply to both attorneys and patent agents since, as stated above; the "anticipation of litigation privilege" was developed through case law and is not rooted in the particular attorney-client privilege as specified in Section 48 of the Evidence Ordinance.

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?

We believe that both types of communications (namely, between Israeli IP professionals and foreign IP professionals, as well as between Israeli clients and overseas IP professionals) may be regarded as privileged under the client –attorney privilege or “anticipation of litigation privilege”, as applicable. However, with respect to patent agent it should be noted that since to the best of our knowledge, such issues have not yet been dealt with by the Israeli courts, no clear-cut answer may be given.

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?

As mentioned in our answer to question 1.1. Above:

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- *Communications between an attorney and his client are deemed privileged pursuant to Section 48 of the Evidence Ordinance.*
 - *Communications between a patent agent and his client are deemed privileged according to the decision rendered in the Naan case. However, this form of privilege will not be as strong as that accorded to attorney-client privilege, due to the privilege being relative (and not absolute) for elaboration see 1.6 (i) below. We are of the opinion that such rules will apply also to trademark agent, although we are not aware of any case law on this specific issue.*
 - *According to Israeli case law, communications between in-house legal counsel and his client will be deemed privileged, in the same manner as attorney-client communications are deemed privileged.*
 - *We are not aware of any reference in Israeli case law as to whether patent agent-client privilege would extend also to communications between in-house patent agents and other employees of the company. However, we believe that the Israeli courts should treat the privilege of communications of in-house patent agents in similar manner to that accorded to communications of in-house legal counsel.*

- (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?

As mentioned in our answer to 1.2 above, communications between clients and third parties (such as technical experts) might be regarded as privileged under the “anticipation of litigation privilege”. However, such documents will be considered privileged for so long as the dominant purpose doctrine is proven. There does not appear to be any difference if an attorney or a patent agent litigates the issue.

- (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?

As mentioned in our answer to question 1.3 above, communications between IP professionals and third parties (such as technical experts) may be regarded as privileged under the “anticipation of litigation privilege”. Here, too, we believe that there does not appear to be any difference if the “IP professional” is an attorney or a patent agent.

- (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?

Subject to the above mentioned differences between client – attorney privilege and client patent agent privilege, we are of the opinion that there is no reason for any distinction to be made between lawyer and patent agent, in the context of section 1.4.

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?

As mentioned above, there is no clear statutory law or decision regarding the limitations on, and exceptions to, patent agent-client privilege. Though, it could be expected that the privilege on communications between a client and a patent agent would be regarded as relative, rather than absolute, privilege. Accordingly, when dealing with a particular case, the court would have the discretion to decide whether there are any overwhelming reasons to justify denying the privilege, if disclosure is necessary in order to reveal an important fact in the trial, or in view of public policy reasons. In almost all patent litigation, such public policy reasons could take the form of the public interest to remove invalid patents from the register, in order to promote commercial competition, reduce prices, and foster the development of technology.

Thus, for example, if the disclosure of the communications is required in order to reveal an important fact concerning prior art, and such fact could not be revealed in any other reasonable way, the communications may not be privileged (if, of course, the patent agent's privilege is considered relative, rather than absolute, as stated above). On the other hand, if the disclosure is sought merely in order to present the opinion of the patent agent on questions concerning the patent, or if it is intended merely as a "fishing expedition", the communications may be protected. (Of course, this is only an example of the distinction to be made by a court.)

- (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?

Our answer to 1.6 (i) above would equally apply to communication (documents) between clients and third parties.

- (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?

Our answer to 1.6 (i) above would equally apply to communication (documents) between IP professionals and third parties.

- (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?

See our answer to 1.6 (i) above.

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?

As mentioned above, patent agent-client privilege is not a statutory privilege; it is governed by a District Court decision (namely, that rendered in the Naan case) and, thus, does not constitute a binding precedent and may be overruled by Israel supreme court. As mentioned in the said decision, the rationale for privilege is to allow for circumstances that facilitate full and open disclosure of all relevant information between clients and their IP professional advisers. The lack of either statutory legislation or Supreme Court precedent, as well as the relativity of the patent agent-client privilege could create legal uncertainty.

- (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?

We consider the protection to be of appropriate quality

- (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?

We consider the protection to be of appropriate quality

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?

See our answer to question 1.7 above.

2. Remedies

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?

Yes. We believe that patent agent-client privilege should be afforded the equivalent status of attorney-client privilege. Pursuant to the Evidence Ordinance, only communications relevant to the legal services/litigation will be deemed to be privileged. We are therefore of the view that communications between a patent agent and his client should similarly be deemed privileged, but only to the extent relevant to the IP legal advice. The "dominant purpose test" is an appropriate mean for this context.

- 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?

The rationale to recognize the privilege on communications between a client and his patent agent, based on the nature of the patent agent's profession under the Patents Law, is to enable circumstances that will facilitate full and open disclosure of all relevant information between the client and his patent agent. Accordingly, only matters relevant to the IP legal advice should be deemed privileged.

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?

As mentioned above, we believe that attorney-client privilege should equally apply to patent agent-client privilege and should be regarded as absolute, rather than, relative, privilege, so as not to allow the courts any judicial discretion (subject to the discretion mention in sec. 2.1 above). As mentioned above, the current status accorded to patent agent-client privilege is that the privilege

is relative. Thus, when dealing with a particular case, the court has the discretion to decide whether there are any overwhelming reasons to justify denying the privilege, if disclosure is necessary in order to reveal an important fact in the trial, or in view of public policy reasons.

- 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 reasons 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?

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'?

No. We believe that this standard is too broad, and that the IP adviser should be "certified" (rather than "qualified") to give the relevant IP advice. Further, according to Section 143 of the Patents Law, in order for a person to act as a patent attorney (of course, after passing the appropriate patent attorney examinations) he must obtain the relevant certification as required by the Ministry of Justice.

- 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?

In our view, the limitation would be acceptable if worded: "to be certified to give the IP advice ...".

- 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.

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?

We are of the opinion that any country should have the liberty to broaden the protection of the communication between a client and patent agent, but not to restrict the agreed standard.

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, as mentioned above, we believe that attorney-client privilege should be accorded the same status as patent agent-client privilege and be subject to the similar exceptions as applicable under law in respect of the former privilege. According to Israeli case law, when a client reveals to his attorney that he is about to commit a crime, such communication would not be regarded as privileged. It has further been determined in Israeli case laws that the client is deemed the owner of the privilege and, thus, is in a position to waive his rights in this regard.

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?

See our response to sec 2.12 above.

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?

See our response to sec 2.12 above.

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- 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?

As mentioned above, the only case on point that expressly dealt with the subject of patent agent-client privilege is the Naan case.

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?

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.
- 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?