

Questionnaire Q199

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

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National Group: New Zealand
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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?

Under section 54 of the New Zealand Evidence Act 2006, a person who obtains professional legal services from a legal adviser (which includes in the case of a registered patent attorney, the obtaining or giving information or advice concerning intellectual property) has privilege in respect of any communication between the person and the legal adviser. This section updates the patent attorney privilege contained in section 34 of the Evidence Amendment Act (No 2) 1980.

- 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?

Under sections 56(2)(a) and (d) of the Evidence Act 2006, only a person who is, or on reasonable grounds contemplates becoming, a party to a legal proceeding has a privilege in respect of (among others):

- o a communication between the client and any other person or information compiled or prepared by any other person, at the request of the client and*
- o only if the communication or information is made, received, compiled, or prepared for the dominant purpose of preparing for a proceeding or an apprehended proceeding.*

- 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?

Under Sections 56(2)(b) and (d) of the Evidence Act 2006, only a person who is, or on reasonable grounds contemplates becoming, a party to a proceeding has a privilege in respect of (among others):

- o a communication between the client's legal adviser and any other person and information compiled or prepared by any other person, at the request of the client's legal adviser and*
- o only if the communication or information is made, received, compiled, or prepared for the dominant purpose of preparing for a proceeding or an apprehended proceeding.*

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?

(a) Under Section 56 of the Evidence Act 2006, only a person who is, or on reasonable grounds contemplates becoming, a party to a proceeding has a privilege in respect of (among others) a communication between the client's legal adviser and any other person and information compiled or prepared by any other person, at the request of the client's legal adviser and only if the communication or information is made, received, compiled, or prepared for the dominant purpose of preparing for a proceeding or an apprehended proceeding.

(b) The Evidence (Recognition of Overseas Practitioners) Order 2008 entitles a client of an overseas practitioner (which is defined in section 51(1)(c) of the Evidence Act 2006 to include a person which is entitled to undertake work normally undertaken by a lawyer or a patent attorney) to claim legal privilege in respect of certain communications. The Order lists the

countries to which this applies. The countries include the United States of America, the United Kingdom, Australia, states of the European Union, Canada, China and Korea (among others).

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?
 - (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?

In New Zealand, there are only “patent attorneys”, there are no separate “trade marks attorneys”. Under section 51 of the Evidence Act 2006 (which deals with the interpretation of terms used in Subpart 8 of the Act “Privilege and confidentiality”), a “legal adviser” is defined as a lawyer, a registered patent attorney (i.e. a person who is registered under section 100 of the Patents Act 1953) and an overseas practitioner. An “overseas practitioner” is further defined (section 51, Evidence Act 2006) as a person who is, under the laws of a country specified by an Order in Council (which includes the Evidence (Recognition of Overseas Practitioners) Order 2008), entitled to undertake work that, in New Zealand, is normally undertaken by a lawyer or a patent attorney.

Thus, protection extends to lawyer, lawyer/registered patent attorney, non lawyer registered patent attorney and ‘overseas practitioners’ as defined in section 51 of the Evidence Act 2006.

In-house counsel must maintain a current practising certificate if they wish to claim legal privilege in respect of communications with their client/employer, and these must be in the nature of legal advice.

There is also precedent for the position that for privilege to apply to communications by a third party (which may cover non lawyer, unregistered patent/trademark executives), that third party

must be, not merely an agent of the solicitor or the client in a general sense, but an agent for the purpose of communication with the other party to give or obtain legal advice. This point has not been determined under the new Act. However, previously privilege extended to communications between local and overseas patent attorneys for purposes of obtaining legal advice only.

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?

Section 67 of the Evidence Act 2006 grants judges the power to disallow privilege where they are satisfied that the communication was made/received, or the information was compiled/prepared for a dishonest purpose, or to aid in the commission of an offence.

Where a party challenges a claim to privilege, Rule 8.31 of the High Court Rules states a judge may, in assessing that claim, require the document to be produced to the judge and inspected for the purpose of deciding the validity of the claim.

Further, section 65 of the Evidence Act 2006 allows a person who has privilege to expressly or impliedly waive that privilege where s/he voluntarily produces or discloses, or consents to the production or disclosure of, any significant part of the privileged communication or information. Privilege is not waived where the disclosure occurred involuntarily or mistakenly or otherwise without the consent of the person who has the privilege.

A further instance where privilege may not be sustained is where a client takes action against his/her legal adviser in respect of advice given.

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?
 - (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?
 - (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?

While section 56 of the Evidence Act 2006 grants privilege for preparatory materials for proceedings, the definition of 'proceeding' as set out in section 4 of that Act does not cover proceedings before the Commissioner of Patents or Trade Marks (for example, trade mark / patent opposition / revocation proceedings). The gap here suggests that advice obtained in respect of these proceedings is not privileged unless provided by a lawyer or registered patent attorney. Therefore, communications with third parties in relation to evidence (for example, technical experts) in proceedings before the Commissioner, are most likely not privileged. However, there is no discovery regime in relation to proceedings before the Commissioner, so the risk of the communication being discovered during proceedings before the Commissioner is low but such communications could be produced during legal proceedings at a later stage.. Furthermore, in New Zealand, the Lawyers and Conveyancers Act 2006 established certain "reserved areas of work" within which only lawyers may act. This includes giving legal advice in relation to the direction or management of any proceedings before a New Zealand court or tribunal. Therefore, patent attorneys who are not lawyers may not have privilege in respect of advice in relation to legal proceedings.

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?

While the Evidence (Recognition of Overseas Practitioners) Order 2008 extends privilege to clients of overseas practitioners (including registered patent attorneys), this privilege is not reciprocated by the law of other countries. A large number of New Zealand businesses wanting to venture into overseas markets will no doubt seek advice from their New Zealand patent attorneys, with respect to protecting and commercialising their IP, prior to actually entering those markets. For such a business to have confidence in those ventures, there must be a reasonable certainty that it will be protected from being forced to disclose the relevant communications between it and its New Zealand patent attorney. However, while such advice

may be privileged in New Zealand, should a dispute arise in another country, this advice will be open to scrutiny by not only the courts, but other parties and counsel, i.e. where IP litigation arises, clients will be forced to disclose advice provided by their New Zealand patent attorneys in relation to the protection and commercialisation of that IP. It could also have ramifications for their activities in other countries, as attorney/client information publicly disclosed in one country may find its way into other countries, and damage commercialisation prospects there.

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; those documents that relate to legal advice only.

- 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?

To ensure that privilege is not extended to a broader category than that which it was introduced to protect.

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.

- 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?

To avoid the abuse of privilege where clients may seek to claim privilege for improper or fraudulent purposes. The nature of the advice must be given due weight.

- 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?

Countries may allow judicial discretion to deny protection from disclosure where that is found on reasonable grounds to be improper or fraudulent purpose underlying the obtaining / provision of legal advice.

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.

- 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?

Rather than use the word 'qualified', perhaps a better position would be to require the IP adviser to be 'entitled by / at law to give IP advice'.

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

- (i) What category is that? *IP advice may be given by non-lawyer non-registered patent executives, however only lawyers can 'direct proceedings'. Privilege does not attach to communications by non-qualified persons unless they are supervised by qualified persons.*
- (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? *No.*
- (iii) As to your answer to sub-para (ii), why? *They are not subject to the discipline of the regulatory body for the profession or the courts or the Commissioner of Patents; it is an issue of accountability.*

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?

No, a minimum standard should apply, above which there will be limitations.

- 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?

IP work is international. A minimum standard applicable globally would ensure that protection is matched in each country.

- 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, provided the country till adheres to the minimum standard proposed.

- 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?

A country should have the liberty to vary or abolish a previously applied limitation so as to bring its laws into line with the minimum standard prescribed.

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

- 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, provided the country maintains the minimum standard.

- 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?

Yes

- 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?

No

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?

Note:

It will be helpful and appreciated if Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.