Protection from Forcible Disclosure of Intellectual Property (IP) Professional Advice (the protection)

Perspective and history of development of the protection conducted by and on behalf of the International Association for the Protection of Intellectual Property (AIPPI) and AIPPI-Australia (AIPPI-A) from 2003 to 2019 (the privilege project or the project).

Attachment 30

Evidentiary Privileges in International Intellectual Property Practice

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In the late 1800s, the world's leading industrialized nations settled upon a basic model for an international intellectual property system. Unlike the regime for tangible property, the Berne and Paris Conventions introduced a purely territorial system, in which a particular intellectual property right exists only within the borders of the granting nation. If an owner of a patent in one nation wants similar protection for his[1] invention elsewhere, he must obtain new and separate rights in each of the other nations. The real function of the Berne and Paris Conventions—as well as later treaties such as the Hague Convention on Designs, the Patent Cooperation Treaty, the Madrid Agreement and Protocol, and TRIPS—is primarily to facilitate the process of obtaining these new parallel rights in foreign countries.

Although we are now well into the twenty-first century, the basic territorial model established in the 1880s remains fully in force. Even today there is no such thing as a global patent, copyright, or trademark. In addition, although the treaties attempt to

1 Unlike some languages, many pronouns in English are gender-based. This article takes advantage of that distinction. For purposes of consistency, all clients will be referred to as "he," while the attorneys will be referred to as "she."

harmonize the national intellectual property laws by setting minimum standards, there still remain many important differences between the laws in force in the various nations. This patchwork quilt of laws forces a person who desires patent or trademark protection in several different nations to hire local experts in each of the nations involved.[2] When numerous nations are involved, the cost of parallel representation can be quite high.

But this territorial system also has negatives other than cost. Another significant problem involves client confidentiality. Some nations, including the United States, accord significant protection to various confidential communications that occur in the course of legal representation. Other nations provide significantly less protection. A client who retains legal counsel and other representatives in multiple nations may accordingly have to deal with a number of different rules governing whether communications with those representatives must be disclosed to others. For a client from a nation with strong protection, it may come as a shock to learn that some confidential communications he assumed were protected are instead subject to discovery or other compelled disclosure.

Of course, differences in confidentiality standards can prove to be a problem for any party who acts in different legal systems. However, the problems are especially acute in intellectual property representation. The unique nature of the international intellectual property system, as well as differences in national laws defining who may represent parties in matters involving intellectual property rights, create unique and sometimes intractable problems for intellectual property clients. The problems posed by this inconsistent treatment, as well as a recently proposed solution, are the focus of this paper.

I. Protecting Confidential Communications

A. A Primer on Privileges

An attorney is basically a paid problem solver. Unlike other problem solvers like engineers and doctors who deal with problems in the physical world, attorneys deal

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2 A party seeking copyright protection in numerous nations does not face this obstacle. One key feature of the Berne Convention (the main treaty covering copyright) is that nations agree to provide copyright protection without any formalities whatsoever. Therefore, the simple fact of reducing a work to tangible form is itself enough to create a copyright in all Berne nations. Even if a foreign author does choose to register in the United States, and thereby obtain the advantages of registration, it is usually not necessary to retain local counsel, as the application is simple. On the other hand, if a party wants to sue for infringement, it may be necessary to hire local counsel.

with interpersonal relations. People hire attorneys because they have—or want to avoid—problems with other people. Just as the science of physics involves the rules that apply in the natural world, the law contains the rules that govern problems between people. An attorney who fully understands the law and has honed the skill to deal with others is an invaluable asset to her client.

Confidentiality is an essential component of an effective attorney-client relationship. An attorney cannot perform her problem-solving function well unless she knows as much as possible about the client's situation. This knowledge includes both the good and the bad aspects of the client's situation. Clients need little inducement to reveal those facts that favor them. But coaxing out the bad facts can prove more difficult. At the very least, a client who is asked to reveal embarrassing or damning information wants some assurance that the attorney will not reveal that information to others. Virtually every nation provides this assurance by imposing a basic duty on attorneys not to reveal confidential client information to others, unless the client gives permission or other exigent circumstances exist.[3] That duty exists not only with respect to information that the attorney learns from the client, but also facts that the attorney learns from others.

Voluntary disclosure of client confidences is an issue in all nations. In some nations, however, the issue is compounded by laws that allow government or third parties to *compel* disclosure of information. Government may seek information in connection with criminal or administrative investigations. Several nations also have a statute similar to the Freedom of Information Act in the United States, which allows citizens to obtain certain types of data. However, the most serious threat to confidentiality is the availability of discovery. The process of discovery, which is most prevalent in nations whose legal systems are heirs to the English common-law system, allows parties to private litigation to compel both the opposing side and third parties to divulge certain information relevant to the pending proceeding. If a party could use the discovery process to force an attorney to reveal confidential client information, the goal of encouraging full candor between attorneys and clients could be undermined. Therefore, most nations with a discovery process have also established "privileges": rules that limit discovery of confidential client information. Privileges apply not only in the pre-trial discovery process, but also at trial.[4]

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3 *See, e.g.* American Bar Association, Model Rules of Professional Conduct Rule 1.6.

4 Fed. R. Civ. P. 26(b)(1) (information can only be discovered if it is not privileged). The evidentiary rule preventing trial testimony involving privileged communications is not set out in the Federal Rules of Evidence, but instead is a carryover from the common law. Federal Rule of Evidence 501 defines which law governs whether a privilege exists.

For purposes of this paper, it is important to distinguish between two fundamentally different privileges: the *attorney-client privilege* and the *litigation privilege*. Indeed, as will be discussed below, some of the current discussion of the issue in the intellectual property context fails to recognize the key differences between the two. The attorney client (or "solicitor-client" in some nations) privilege is, as its name suggests, limited to communications between a client and legal counsel. Unlike some other types of evidentiary privileges, the attorney-client privilege is typically very strong. It lasts forever, even following the termination of legal representation and the death of the client.[5] In addition, the attorney-client privilege exists regardless of the extent to which another person may need the information. The privilege is likewise subject to relatively few exceptions. The most common exception is the "crime-fraud exception," under which the attorney can be compelled to disclose the content of communications made for the purpose of committing a fraud or crime.[6]

Although similar at first glance, the litigation privilege is fundamentally different. This privilege is both broader and narrower than the attorney-client privilege. It extends not only to attorney-client communications, but also to communications with third parties. For example, the litigation privilege often protects conversations that an attorney has with third-party witnesses and experts. It may also cover information learned by other representatives such as insurance agents. However, the litigation privilege is subject to a crucial limit. Protection exists only for communications and information acquired in connection with pending, and in most systems contemplated, litigation.[7] Once the proceeding in question is complete, the privilege is lost. Other nations place additional limits on the litigation privilege.

Like its common-law cousins, the United States recognizes a litigation privilege. Here, however, it is commonly referred to as a "work product" privilege. There technically are two separate, but similar privileges. The Federal Rules of Civil Procedure contain both a privilege for "trial preparation material"[8] and a similar privilege for non-testifying experts with whom a party consults in preparation for trial.[9] Both of these privileges are qualified by an important limitation; namely, they

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5 Swidler & Berlin v. United States, 524 U.S. 399 (1998).

6 United States v. Zolin, 491 U.S. 554 (1989) (applies crime-fraud exception to allow inquiry into attorney-client communications).

7 Minister of Justice v. Blank, [2006] 2 S.C.R. 319 (Canada) (litigation privilege exists if litigation is pending or contemplated, but the privilege expires once the litigation is complete).

8 Fed. R. Civ. P. 26(b)(3). This qualified privilege was recognized in the Supreme Court's decision in Hickman v. Taylor, 329 U.S. 495 (1947).

9 Fed. R. Civ. P. 26(b)(4)(B). Information concerning *testifying* experts, by contrast, must automatically be disclosed to the opposing parties pursuant to the mandatory disclosure

can be overcome if the party seeking the contents of the communication can demonstrate need for the information and an inability to obtain the information from other sources.[10] As discussed above, the attorney-client privilege has no need exception.

The attorney-client and litigation privileges share certain key principles. First, they protect only the source of the information, not the information itself. Thus, while a party cannot force an attorney to reveal facts conveyed from a client to the attorney, nothing prevents the party from obtaining the same basic facts directly from the client.[11] Second, both privileges exist for the benefit of the client, and can accordingly be waived by the client. A client can waive a privilege explicitly. Waiver may also occur implicitly, most commonly where the client discloses the same information to a third party not involved in the representation.[12]

There is admittedly a great deal of similarity between the attorney-client and litigation privileges. Indeed, in the case of attorney-client conversations about an actual litigated case, both privileges apply. However, parties invariably invoke the attorney-client privilege to protect conversations between an attorney and a client. Unlike the litigation privilege, the attorney-client privilege does not expire at the end of a particular case, and in most systems is subject to fewer exceptions. Therefore, the real impact of the litigation privilege is with respect to communications and information that do not involve the client and attorney, such as expert opinions.

B. Privilege Issues in Multinational Legal Representation

In today's global economy, cross-border dealings are increasingly the norm rather than the exception. Of course, anyone who acts in more than one nation may encounter serious legal issues. In addition to issues of language and culture, that person must deal with differences in law. Notwithstanding significant efforts to reduce barriers to trade, national laws continue to exhibit a number of differences.

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provisions. Fed. R. Civ. P. 26(a)(2). This provision seeks to limit surprises at trial, and the information about testifying experts must be disclosed regardless of need.

10 Fed. R. Civ. P. 26(b)(3)(A)(ii) (trial preparation materials); 26(b)(4)(B)(ii) (non-testifying experts).

11 However, even though the opposing party may obtain the underlying facts from the client, the questions cannot be posed in a way that seeks the content of protected communications. Therefore, while a question of "what happened on the date of the accident" would be proper, a question of "what did you tell your attorney about the accident" would run afoul of the privilege.

12 United States v. Ary, 518 F.3d 775 (10th Cir. 2008).

Multinational actors must often modify their practices in various places to account for these significant differences in local laws.

Just as in the case of substantive law, there are significant differences in national laws dealing with privilege. Some nations do not provide privileges of any sort.[13] The lack of a privilege does not necessarily indicate that the nation places little or no value on confidentiality in legal representation. Rather, the lack of a privilege often stems from the simple fact that the nation does not allow for discovery or other forms of compelled disclosure. A nation without a means for ordering a party to disclose really does not need to develop a law of privilege.

Nations also differ in the extent to which they will honor privileges afforded by other nations. Suppose, for example, that a client, a citizen of Nation Alpha, communicates with his attorney in Nation Alpha. The client later becomes embroiled in litigation in Nation Beta, a nation that allows for discovery. When the opposing party in the Beta action attempts to use discovery to force the attorney to reveal the content of the communication, the attorney claims an attorney-client privilege. Some nations in Beta's position will treat the issue as one of procedure, applying local law to determine whether a privilege exists. In this case, if Alpha would recognize a privilege but Beta would not, the application of Beta law might well result in the compelled disclosure of a conversation that the client and his attorney justifiably assumed would be privileged.[14] Other nations will look to Alpha law to determine whether a privilege exists, as Alpha law governs most aspects of the relationship between the Alpha client and his Alpha attorney. Of course, if Alpha has no discovery system, it may well provide no privilege under its own law. In this situation, application of Beta's discovery system, while looking to Alpha law for a privilege, would likewise frustrate the expectations of the Alpha client and attorney. Without the ability to predict where litigation will occur, a client will find it difficult to predict whether a given conversation is protected.

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13 See ABA Section of Business Law, vol. 14 No. 5, available at http://www.abanet.org/buslaw/blt/2005-05-06/spahn.shtml.

14 Of course, it is unlikely that Beta could directly compel the Alpha attorney to give testimony. As the attorney operated only in Alpha, Beta would lack jurisdiction over the attorney. However, in most discovery systems a party could get to the witness through the client. As long as the court has jurisdiction over the plaintiff inventor, it could threaten the inventor with sanctions if he did not arrange for the attorney to give testimony.

C. Special Privilege Issues in International Intellectual Property Practice

The problems discussed in the prior section are even more acute in intellectual property practice. Certain features of the patent and trademark application process, coupled with unusual rules in some nations concerning who may represent clients in these proceedings, combine to create the potential for difficult and complex privilege problems. Five factors in particular distinguish intellectual property practice from other fields.

The first factor is the somewhat peculiar nature of the patent and trademark application process. As discussed in the Introduction, the international intellectual property system remains a predominantly territorial system, in which a party obtains separate protection in every nation. However, the party will usually be obtaining that protection for the *same* invention or mark. Therefore, even though it may be filing separate applications in different nations, much of the information conveyed to and by the legal representatives about the underlying invention or mark will be the same. The applying of different laws to the same information, based on the technical fact that the information related to "separate" applications, creates a real possibility for inconsistent outcomes.

Second, legal counsel plays a somewhat different role in an intellectual property application than in other types of legal representation. The purpose of the attorney-client privilege is to ensure full candor.[15] The client should feel free to reveal everything, positive or negative, with the expectation that the attorney will not reveal anything without the client's permission. However, a client who speaks to legal counsel in connection with an intellectual property application does not really have the same expectation. The client reveals all facts to the attorney, fully anticipating that the attorney will disclose many of those same facts in the patent or trademark application. And in fact, candor rules in force in some patent and trademark systems may *require* the attorney to disclose the negative information as well as the positive.[16] This sort of logic gave rise to a now-rejected line of United States cases that refused to apply the attorney-client privilege to information conveyed in connection with a patent application based on the notion that the

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15 In re Sealed Case, 676 F.2d 793, 818 (D.C. Cir. 1982).

16 The United States Patent Office's recently revised disclosure rule requires a patent applicant to disclose "all information known to that individual to be material to patentability." 37 C.F.R. § 1.56. That information explicitly includes both information suggesting that a patent should not issue. § 1.56(b).

attorney was simply acting as a "conduit" for the client.[17] A similar conduit rationale remains in force in some other nations.

Third, the practice of intellectual property is likely to involve not only legal counsel, but also non-lawyer experts. An inventor who seeks a patent will often consult an expert in the science to opine on the degree to which the invention differs from the prior art. Trademark owners often seek surveys to gauge customer reactions to the mark, especially when the mark is potentially descriptive or deceiving. Of course, intellectual property applications are not the only cases in which parties retain experts. However, unlike the more typical case, experts in intellectual property matters are not retained in anticipation of litigation. As expert information is ordinarily protected only by the litigation privilege, if at all, the frequent use of experts in the non-adversarial intellectual property application process raises the threat that the expert opinion may have to be disclosed.

Fourth, intellectual property practice is unusual in the extent to which a client is likely to be represented by different people in different nations. A client who does business in several nations may be able to retain one firm for all matters. However, the norm in intellectual property applications is quite different. Consider a United States inventor who wants to obtain a patent. He wants protection not only in the United States, but also in a number of other nations. The Patent Cooperation Treaty ["PCT"] gives the inventor a way to consolidate and coordinate his efforts in order to obtain separate patents in each of these nations. However, while the PCT harmonizes the basic patent application process, significant differences still exist in both patent law and patent procedure in various nations. Moreover, in many nations helping someone prosecute a patent qualifies as the practice of law, and may be handled only by someone certified to practice before the patent office in that nation. Therefore, it is extremely unlikely that the inventor will retain only a United States attorney to represent him in the PCT process. It is far more common for a client in this situation to hire United States counsel to represent him in the PCT process and the United States domestic application, and foreign legal representatives in each of the other nations in which protection is sought. In addition, as the attorney is far more likely than the client to know competent counsel in other nations, the task of retaining and communicating with the foreign legal representatives usually falls on the United States attorney rather than the client. The role of these foreign legal representatives can vary tremendously, from acting simply as a conduit for filing

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[17] The case most commonly cited as the origin of the conduit theory is Jack Winter, Inc. v. Koratron Co., 50 F.R.D. 225 (N.D. Cal. 1970). Other courts disagreed with the reasoning of the *Jack Winter* line of cases. The Federal Circuit resolved the disagreement in 2000, when it rejected the conduit theory in In re Spalding Sports Worldwide, 203 F.3d 800 (FC 2000).

papers to providing meaningful legal advice. Each of these local legal representatives may in turn retain local non-legal experts, versed in the peculiarities of the local patent system, to help with the application.

The final factor distinguishing intellectual property cases is the special rules that apply in some nations for representing clients in intellectual property applications. Many nations allow patent or trademark "agents" to represent people in prosecuting patent or trademark applications. These agents need not be fully-licensed attorneys. In the United States, for example, one need not have passed any state bar to represent a client in obtaining a patent. The only requirement is that the person has passed the patent bar.[18] While most people who practice patent law have also passed a state bar, and are accordingly "attorneys" in the usual sense of the word, there remain a number of patent agents who are licensed only to practice before the PTO. Other nations also allow for patent agents (*e.g.*, the *benrishi* in Japan), or in some cases trademark agents. Because these agents are not fully licensed to act as attorneys in all matters, there is some question whether communications between the agents and their clients are protected by the attorney-client privilege.

These five factors, in conjunction with the significant differences in privilege rules in various nations, can combine to create unique privilege issues. To illustrate, again consider the hypothetical case of a United States inventor who seeks protection in the United States and abroad. The inventor retains a United States patent agent to represent him both at the international stage of the PCT application and in the subsequent United States application. The United States patent agent retains foreign patent agents in all nations that allow agents to practice, and attorneys in those nations that do not. The United States patent agent and several of the foreign attorneys and agents retain various scientific experts to help prepare the applications. Strong patents eventually issue in all nations where applications were filed.

However, the client's initial success proves short-lived. A year or so after the patents are granted, the inventor learns that a certain person is selling infringing devices in the United States, Japan, Canada, and Australia. Because of the strict territoriality principle that applies to all intellectual property rights, sales of an identical product by the same person in different nations are technically separate acts of infringement, as they involve separate and discrete patents. Moreover, personal jurisdiction concerns, coupled with a continued reluctance by national courts to hear claims

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[18] Passing the patent bar only allows a person to represent others before the Patent and Trademark Office. Therefore, while a patent agent may complete and file the application, she cannot represent the client in other matters relating to the invention such as license negotiations or infringement litigation.

arising under foreign patent grants,[19] will usually make it necessary for the patent holder to bring separate infringement actions in each of these four nations. Whether confidential conversations that occurred during the earlier prosecution of the patents will have to be revealed during the course of any of these infringement actions turns on where the action is filed.

Japan. Litigation in Japan poses very little risk that the defendant can compel disclosure of the earlier conversations. The reason for this is quite simple: Japan does not currently allow for any significant compelled discovery in connection with civil litigation. Therefore, the defendant in the Japanese action would have no way to force the inventor's attorneys or experts to disclose the contents of any conversations that occurred in obtaining a patent, regardless of whether these conversations occurred in Japan or somewhere else.

United States. Unlike Japan, the United States does allow for extensive discovery in connection with a civil case. A patent infringement action must be filed in federal court. The Federal Rules of Civil Procedure, which apply to patent cases too, allow parties to conduct discovery into a wide range of matters. The basic scope of discovery is quite broad: a party may discover any information that is *relevant* and *not privileged*.[20] Discovery is not limited to information that is located within the United States, but can also be used to reach information that is located in other nations.

As an initial matter, a strong case can be made that conversations which occur between a client, his legal representatives, and/or experts in the course of a patent application fail the threshold requirement of relevancy. The litigation seeks to ascertain whether the defendant infringed the patent. Answering this basic question requires the court to determine the scope of the patent grant, as well as what the defendant did that allegedly ran afoul of the patentee's exclusive rights. What the client and his various representatives may have said during the application process is clearly irrelevant to the question of what the defendant did. Not are those conversations particularly germane to the issue of the scope of the grant. A patent is, after all, an objective grant. The scope and limits of a patentee's rights are defined by the terms of the patent instrument itself. Except in situations involving claims of fraud or file wrapper estoppel, the opinion of the inventor or her legal

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19 Voda v. Cordis Corp., 476 F.3d 887 (Fed Cir. 2007) (no jurisdiction over foreign patent claim).

20 The Federal Rules of Civil Procedure distinguish between ordinary party-initiated discovery and "mandatory disclosures" that occur even without a request. The standard mentioned in the text technically applies only to party-initiated discovery, not to the mandatory disclosures. However, none of the material subject to mandatory disclosure includes privileged communications.

representatives concerning, for example, the meaning of a claim or the invention's advance over the prior art is not relevant on the issues of patent validity and scope. Nevertheless, most courts would likely consider those background conversations relevant. There is a marked tendency to use an inventor's own words or acts against him in a patent dispute.

Therefore, most disputes governing discoverability of communications that occur in the context of a patent application are likely to turn not on relevancy, but on the second criterion—privilege. With respect to communications between a client and his United States legal representative, the attorney-client privilege is likely to shield most of the communication from discovery. The Federal Circuit, which sets the controlling federal privilege standard under Federal Rule of Evidence 501,[21] has essentially rejected the conduit theory that some earlier courts applied to deny an attorney-client privilege to communications that occurred in the patent application process.[22] Nor is it likely to matter that the legal representative is a patent agent rather than a full-fledged attorney. Although neither the Supreme Court nor the Federal Circuit have issued a definitive ruling on the issue, the majority view is to treat a patent agent as an attorney for purposes of applying the privilege.[23]

Conversations with *foreign* legal representatives present a thornier issue. Basically, the United States takes the position that a court should look to the law that governs the particular client-representative relationship to determine whether a privilege exists. If the foreign law does protect the particular communication, the United States court will likewise preclude discovery. Thus, in our example, conversations with the Japanese and Australian patent agents would be treated as privileged, as the laws of both of those nations contain the functional equivalent of a privilege for those communications.[24] The protection would exist regardless of whether the client

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21 Fed. R. Evid. 501 provides that the federal courts are to create a federal privilege standard to apply in cases arising under federal law, such as patent and trademark infringement actions.

22 In re Spalding Sports Worldwide, 203 F.3d 800 (F.C. 2000).

23 *Compare* In re Ampicillin Antitrust Litigation, 81 F.R.D. 377 (D.D.C. 1978) (privileged) with Agfa Corp. v. Creo Prods., Inc., 2002 U.S. Dist. LEXIS 14269 (D. Mass. 2002) (not privileged). A few courts take a middle ground, recognizing a privilege as long as the patent agent worked under the supervision of a fully-licensed attorney. *See, e.g.*, Stryker Corp. v. Intermedics Orthopedic, Inc., 145 F.R.D. 298 (E.D.N.Y. 1992).

24 Several earlier decisions held that Japan does not recognize any sort of privilege for *benrishi*, the Japanese patent agents. However, subsequent to these decisions, Japan amended its Civil Procedure Code to provide a privilege. Decisions of the United States courts subsequent to these amendments recognize a privilege for communications with *benrishi*. Knoll Pharmaceuticals Co., Inc. v. Teva Pharmaceuticals USA, Inc., 2004 WL 2966964 (N.D. IL); Eisai Ltd. v. Dr. Reddy's Laboratories, Inc., 406 F.Supp.2d 341 (S.D.N.Y. 2005).

spoke directly with the foreign patent agent or, as is more likely, the foreign patent agent dealt with the United States patent agent acting on behalf of her client.

Conversations with the *Canadian* patent agent, by contrast, would not qualify for the privilege. Canada does not extend the attorney client privilege to patent agents, reasoning that the purposes of the privilege would not be served by protecting information disclosed to a patent agent in the process of obtaining a patent.[25] Thus, parties involved in the United States litigation could discover what was conveyed to the Canadian patent agent, as well as what the Canadian agent may have said in response. Moreover, to the extent the information conveyed to the Canadian agent was the same as that conveyed to one or more other legal representatives, the client could be deemed to have waived the privilege for the particular information. A client can waive the attorney-client privilege by conveying the same information to a third party not subject to the privilege.[26]

A patent prosecution also typically involves at least some consultation with non-legal experts. A defendant in an infringement action may also be interested in learning what these experts had to say, especially if the expert suggested that the invention involved no significant advance over prior art. The attorney-client privilege is limited to legal representatives, and accordingly will not cover these expert communications. In the case of experts retained in connection with the United States application, the strongest argument to prevent discovery would be based on the non-testifying expert rule of Federal Rule 26(b)(4). That rule only allows discovery of non-testifying expert opinions on a showing of exceptional circumstances. However, the Rule 26(b)(4) limitation is not likely to prevent discovery of communications with experts in the course of prosecuting a United States patent. The limitation on discovery of expert information only applies to experts who were consulted *in preparation for trial.* While an interference, reexamination, or appeal from a PTO decision may qualify as "litigation" for purposes of this rule, the ordinary prosecution of a patent does not, rendering the exception inapplicable.[27] Therefore, to the extent such information is relevant; the defendant should be able to discover the communications with the experts retained in connection with the United States application.

In Australia, the patent statute itself affords a limited privilege for Australian patent agents. *Patents Act 1990* (Australia) § 200(2).

25 Whirlpool Corp. v. Camco, Inc. (1997) 72 CPR(3d) 444 (FC TD).

26 Swidler & Berlin v. United States, 524 U.S. 399 (1998).

27 Although such information could also arguably qualify as work product, the work product privilege of Fed. R. Civ. P. 26(b)(3) will also prove of no avail. Like the non-testifying expert rule, that privilege is limited to information acquired in preparation for litigation.

As with communications with foreign legal representatives, local law determines whether communications with foreign non-legal experts may be discovered. In many nations, such communications never receive protection. In others, the only feasible protection stems from the litigation privilege. However, just as in the United States, that privilege is unlikely to apply, as the process of applying for a patent is not litigation. On the other hand, a few nations do afford a privilege for expert communications related to a patent or trademark application even absent any connection with litigation. United Kingdom law, for example, protects all such communications, provided that the communication took place for the purpose of instructing a patent agent in the prosecution of a patent.[28]

Australia and Canada. Litigation in either Australia or Canada poses the greatest threat to privileged information. Both of these nations allow for compelled discovery, although not to the extent available in the United States. Both also recognize an attorney client privilege for ordinary attorneys, even when the representation is limited to preparing and filing a patent application.[29] However, the nations differ in the degree to which they will protect patent agents, especially those acting in foreign nations. As noted above,[30] Canada does not afford any privilege at all to communications with non-attorney patent agents. Australia does provide a privilege for *Australian* patent agents, but not for foreign patent agents or experts.[31] More significantly, unlike the United States, neither Australia nor Canada will give comity to a foreign law that might provide the equivalent of a privilege.[32]

This lack of any privilege for foreign patent agents can have serious repercussions. For example, the defendant in our hypothetical could, if sued in Canada, discover not only what information was given to the Canadian patent agent, but also that

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28 *Copyrights, Designs, and Patents Act 1988* (UK) § 280.

29 Canadian law is admittedly not entirely clear on this point. Several older cases apply Canada's "solicitor-client privilege" to fully-licensed attorneys who represent clients in applying for a patent. Lumonics Research Ltd. v. Gould, (1983) 70 CPR (2d) 11 (FC App.); F. P. Bougault Industries Air Seeder Division Ltd. v. Flexi-Coil Ltd., (1995) 64 CPR (3d) 70 (FC TD); Sunwell Engineering Co. v. Mogilevsky, (1986) 9 CPR (3d) 479 (Ont. H.C.). However, the Federal Court refused to recognize a privilege in Montreal Fast Print v. Polylok Corp., (1983) 74 CPR (2d) 34 (FC TD), due in part to the nature of the work performed by an attorney in a patent application. The rationale of *Montreal Fast Print* resembles the "conduit theory" that United States courts previously invoked to deny a privilege in patent applications.

30 *See supra* note 25.

31 *Patents Act 1990*, § 200(2) was interpreted to protect only domestic, not foreign, patent agents in Eli Lilly v. Pfizer Ireland Pharmaceuticals (No 3) [2004] FCA 1085.

32 *Canada*: Lilly Icos LLC v. Pfizer Ireland Pharmaceuticals, (2006) 55 CPR (4th) 457 (FC App); *Australia*: *Eli Lilly*.

provided to any other agent, even if the law where that other agent acted would accord a privilege. As a result, information given to the United States patent agent with the expectation that it would be privileged might have to be disclosed, regardless of whether the agent disclosed the information to anyone else. At the very least, this result frustrates the expectations of the client, and might result in less than full candor between the client and his patent agent. Other serious consequences may also result. Because all the applications involve the same invention, much of the information conveyed to the various patent agents will be the same or highly similar. Once the communication between the client and the United States patent agent is revealed in the Canadian or Australian discovery process, any privilege that might otherwise have existed in the United States would be lost, because the client voluntarily disclosed the information.[33] Thus, if the Canadian infringement case occurs before or concurrently with the United States case, discovery of the communication in the Canadian action may make the United States communication discoverable in the United States action as well. In this way, the Canadian and Australian laws have a practical effect that reaches far beyond the boundaries of those two nations.

Of course, there would be a relatively easy way for a client to minimize the risk of forced disclosure; namely, to retain only fully-licensed attorneys in all intellectual property applications. Canada and Australia, for example, do protect communications between clients and fully-licensed attorneys involved in intellectual property work. However, this solution is somewhat draconian. As long as a particular communication with a legal representative would be protected under the law of the place where the legal relationship was based, the client and the legal representative should be able to rely on that protection when a party involved in litigation in some foreign nation seeks to compel disclosure.

In short, the significant differences in both the substantive law of privilege (especially whether the privilege applies to patent agents) and the choice of law rules used to determine whether a privilege exists create difficult problems for clients seeking patent protection in multiple nations. Intellectual property clients often disclose potentially harmful information to their legal representatives, with the expectation that the local law of privilege will prevent others from compelling disclosure of what the client told the representative. However, if litigation occurs in some other nation, the client may be in for a rude awakening, as some nations are not as willing to protect the agent-client relationship.

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[33] That the disclosure was compelled by the discovery rules does not mean it is not voluntary. An "involuntary" disclosure is one that occurs by accident or as a result of another person's espionage.

II. The Proposed AIPPI Solution

Almost exactly one year ago, the World Intellectual Property Organization ["WIPO"] and the International Association for the Protection of Intellectual Property ["AIPPI"[34]] jointly sponsored a conference focusing on the issue of privileges in international intellectual property representation.[35] The centerpiece of this conference was an AIPPI proposal that would help alleviate the sorts of problems outlined in Part I of this paper. AIPPI's solution envisions a new multilateral treaty specifically addressing the privilege issue. Although the proposed treaty is not yet in force anywhere, the AIPPI proposal is likely to set the stage for the discussion on this topic during the foreseeable future.

A. The AIPPI Solution: A Uniform Rule

AIPPI's proposed treaty would deal with the privilege problem by having all nations adopt a uniform standard of protection. The proposal sets out the basic standard, which is short and to the point:

> A communication to or from an intellectual property adviser which is made in relation to intellectual property advice, and any document or other record made in relation to intellectual property advice, shall be confidential to the person for whom the communication is made and shall be protected from disclosure to third parties, unless it has been disclosed with the authority of that person.

The AIPPI proposal also defines the key terms intellectual property advice and intellectual property adviser:

> *'intellectual property advice'* is information provided by an intellectual property adviser in relation to intellectual property rights
>
> *'intellectual property adviser'* means a lawyer, patent attorney or patent agent, or trade mark attorney or trade mark agent, or other person legally qualified in the country where the advice is given, to give that advice.

If enacted, the treaty would establish a uniform standard for privileges in intellectual property matters. Nations that do not currently recognize a privilege as broad as that in the proposal would be required to amend their laws to provide for such a privilege, regardless of whether that nation allows for discovery or any other

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34 The acronym reflects the French version of the organization's name: Association Internationale pour la Protection de la Propriete Intellectuelle.

35 WIPO-AIPPI Conference on Client Privilege in Intellectual Property Professional Advice, Geneva, May 22-23, 2008.

mechanism for obtaining the information in that country. The greatest impact would be felt in those nations that limit the privilege to full-fledged attorneys, or those recognizing no privilege at all.

B. Critique of the AIPPI Proposal

In theory, there are several ways in which nations could deal with the problems outlined in Part I of this paper. One option would be to do nothing. After all, individuals acting in their own self-interest can prove remarkably adept at creating private ordering mechanisms to work around problematic laws. Second, instead of harmonizing the substantive law of privilege, which lies at the heart of the AIPPI proposal, nations might choose to harmonize the choice of law rules that determine which nation's privilege law, would apply to a particular conversation. In fact, the problems posed by our earlier hypothetical stem every bit as much from different choice of law rules in the various nations as they do from differences in the privilege laws themselves. A standard like that currently employed in the United States and United Kingdom, under which courts look to the law otherwise governing the particular client-representative relation to determine the scope of any privilege, would be a feasible choice of law solution.[36]

Although it is not the only way to deal with the issue, the AIPPI proposal to harmonize privilege laws does have much to commend it. First, it greatly simplifies the task of a judge facing a privilege dispute. The proposal would free judges of the chore of ascertaining the particulars of other nations' laws. Instead, the governing standard would be established by the law of the forum, regardless of where the representation in question occurred. Although foreign law is not completely irrelevant under the AIPPI proposal—for example, the court would have to look to foreign law to determine if the person is "legally qualified" to provide advice—the core question of the scope of the privilege would be the same in every case.

Second, the proposal does an excellent job of providing predictability for clients and their representatives. Assuming all nations involved have ratified and implemented the treaty, a client would know in advance whether a particular communication would be protected, instead of being forced to wait until someone sought discovery

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[36] Of course, under a choice of law approach it is still necessary to determine which law governs the relationship. That determination, however, will rarely prove to be a difficult issue in an intellectual property application or infringement action. Because of the territoriality principle that dominates intellectual property law, a particular local representative is usually retained to deal with an application or infringement action filed in that nation. The law of that nation would accordingly usually govern the relationship.

of the communication in some distant forum at a later date. That uniform and easily-applied standard would encourage full candor between clients and representatives.

Third, the broad scope of the proposed privilege will prove highly attractive to intellectual property clients and their representatives. The privilege explicitly extends to all conversations a client may have with any legal representative, including patent and trademark agents. It also covers any sort of intellectual property representation, including not only applications and litigation, but also day-to-day advice such as licensing. Moreover, it covers *all* communications that a legal advisor may have in the matter, not only those with the client. Therefore, the privilege extends to communications between different legal representatives in different nations. This counsel-to-counsel protection reflects the realities of international intellectual property practice, in which a team of legal representatives makes a coordinated effort to acquire protection in different nations. Even more significantly, the proposal includes within the ambit of the privilege communications between an intellectual property advisor and non-legal representatives such as experts.[37] This language mirrors the litigation privilege, except that the proposal would dispense with the current litigation privilege's requirement that the communication be connected to an ongoing or pending case.[38] Finally, the privilege is quite strong. Other than waiver, the privilege allows for no exceptions whatsoever.

However, the AIPPI proposal also has certain problems. Ironically, the proposal's greatest strength—its broad scope—may also prove to be its ultimate downfall. The privilege set out in the AIPPI proposal is far broader than that currently in force in most nations. For example, it effectively erases the distinction between the attorney-client and litigation privileges. While a few nations, such as the United Kingdom, have already abandoned that distinction in intellectual property matters, most other nations still consider the privileges to be separate and distinct. These nations may be hesitant to sign a treaty requiring them to enact significantly broader protection for all communications between intellectual property advisors and non-attorney experts.

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37 However, the privilege does not apply to conversations that the client himself may have with an expert. On the other hand, any such conversation in the context of litigation would be protected by the litigation privilege.

38 As written, the privilege would even apply to communications between a patent agent and a third party. However, in most jurisdictions patent agents are authorized to represent clients only for purposes of filing and prosecuting a patent application, not in later business dealings or infringement litigation involving the patented invention. As a practical matter, then, extending the privilege to all communications with a patent agent is likely to affect only communications that occur in the patent application process.

Admittedly, there are cogent arguments in favor of the broad privilege set out in the proposal. Extension of the privilege to communications between legal representatives in different nations, as opposed to direct communications between the client and that representative, is a compelling feature of the proposal, and is unlikely to engender much resistance. But extending the privilege to communications with non-legal experts is far more controversial. Notwithstanding their similarities, there are fundamental differences between the attorney-client and the litigation privilege. The two serve very different purposes.[39] The relationship between a client and an expert is fundamentally different from the fiduciary relationship between an attorney and a client, the sort of relationship that lies at the core of the attorney-client privilege. And although many nations do provide a more limited privilege to non-legal expert communications in the context of litigation, an ordinary patent or trademark application—much less a licensing negotiation—is not the same as a litigated case. If the touchstone of the litigation privilege is expanded to involve all cases where a representative engages in "advocacy," there is no *a priori* reason why a similar privilege should not be recognized for non-legal experts retained in connection with matters such as rezoning applications, contract negotiations, or loan dealings.

A second, and equally serious, problem with the scope of the AIPPI proposal is the lack of any meaningful exceptions. The proposal recognizes only one way for the privilege to be lost: if the client authorizes disclosure to third parties. Most nations, however, recognize other limitations and exceptions to the privilege. For example, many nations recognize a crime-fraud exception to the attorney client privilege, under which the privilege does not extend to communications connected with criminal or fraudulent activity.[40] That exception has been applied in a number of cases in which a client consciously makes misrepresentations to the patent office in an attempt to obtain a patent.[41] It is highly unlikely that nations with such exceptions will agree to remove them for patent and trademark applications.

This second problem, however, would not be that difficult to remedy. In fact, AIPPI would be well advised to take a page from the book of the current intellectual property treaties. The AIPPI proposal diverges from the normal model used in international intellectual property law treaties. While they do stress harmonization of domestic laws, these other intellectual property treaties achieve that

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39 For an excellent discussion of some of the differences between the privileges, see the opinion of Justice Fish in Minister of Justice v. Blank, [2006] 2 S.C.R. 319 (Canada).

40 *See supra* note 6 and accompanying text.

41 *See, e.g.*, Rambus, Inc. v. Infineon Technologies AG, 222 F.R.D. 280 (E.D. Va. 2004); Specialty Minerals, Inc. v. Pluess-Staufer AG, 220 F.R.D. 41 (S.D.N.Y. 2004).

harmonization by setting minimum standards, not by dictating a precise rule that all nations must follow. This minimum standards approach leaves each nation a considerable flexibility in crafting its actual laws. The minimum standards set out in the intellectual property law treaties also contain "safety valves," pursuant to which nations may create exceptions and limitations which recognize local needs. The "three part tests" that TRIPS sets out for exceptions and limitations to copyright, patent, and product design are probably the best-known examples of these safety valves.[42] If the AIPPI proposal were amended to allow greater flexibility, it might well prove more palatable. At the very least, the treaty should explicitly allow nations to keep the well-established crime-fraud exception. Another interesting option would be to create a sort of "three-part test," allowing for exceptions that take into account local considerations, without undermining the essence of the minimum privilege standard.

Conclusion

The AIPPI proposal for a treaty establishing a uniform privilege standard is a positive first step toward solving the problems that can arise in international intellectual property representation. The proposal's strengths include predictability, ease of application, and recognition of the idiosyncratic nature of intellectual property matters. Admittedly, few nations are likely to adopt the treaty in its current form. However, if the proposal were amended to give nations greater flexibility to retain long-standing exceptions to privileges such as the crime-fraud exception, and possibly to distinguish communications involving legal professionals from those involving non-legal representatives, it may yet prove to be a valuable addition to the current collection of intellectual property treaties.

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42 World Trade Organization, Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods Art. 13 (three-part test for copyright); 26 (three-part test for industrial design protection); 30 (three-part test for patents). *See also* Art. 17 (two-part test for trademarks).