AIPPI BOSTON CONGRESS

September 7 - 10, 2008

Workshop VI

Client Privilege in IP Professional Advice (CPIPPA) Treaty

Traité & Conseil Professionel Privilège Client en PI (CPPCPI)

Client Privilege in IP Professional Advice (CPIPPA) Abkommen um fasst

Monday, September 8, 2008
16:00 to 17:30
Room 205ABC

Moderator:

Ron Myrick, Finnegan, Henderson, Farabow, Garrett & Dunner (Cambridge, MA, USA)

Speakers:

Cristobal Porzio, Porzio, Rios & Asociados (Las Condes, Santiago, Chile)
John Bochnovic for Steven Garland, both of Smart & Biggar (Ottawa, Ontario, Canada)
Buckmaster de Wolf, General Electric Company (Fairfield, CT, USA)
Michael Dowling, Arthur Allens Robinson (Melbourne, Australia)

Summary Report

VI. Client Privilege in IP Professional Advice (CPIPPA) treaty

In their respective papers which were made available to those attending the Workshop and which remain available by the AIPPI website, the four speakers addressed relevant issues and made observations not only related to their respective jurisdictions, but on the global scene generally.

The Workshop attendees had been informed in the Congress documents that they would hear from and discuss matters with speakers involved in AIPPI's proposal to WIPO of a treaty on "Client Privilege IP Professional Advice" (CPIPPA). They had been

further informed that the topics would include the rationale of privilege and its particular significance to global business in IP, the clients' needs for privilege, the minimum standards that should be required nationally, the qualifications required of IP advisers including employees and what challenges there are to settlement and acceptance of the CPIPPA Treaty.

Chairman's Opening Remarks

The Chairman, Ron Myrick, introduced the subject and the speakers. Nations frequently provide by their national laws protection against forcible disclosure of legal advice. The need for harmonization shows up in the loss of that protection when the advice is transmitted across borders.

IP is set apart from other aspects of the law by the need which exists in relation to IP (which is often registered in more than one country) to send advice across borders. Owners of IPR and opponents often have to test the advice they get in different countries around the world, sometimes from country to country. Disputes on subjects other than IP are not usually so international.

The type of protection from forcible disclosure which is provided nationally differs particularly as between common law privilege and civil law professional secrecy. The qualification of the professionals involved differ mainly as between lawyers on the one hand and non-lawyer patent agents on the other. The latter are sometimes confusingly called "patent attorneys". In the United States that means a lawyer who is also qualified to be a patent attorney, whereas in other places (for example, Australia) patent attorneys are not required to be lawyers.

There is a further major issue for corporations in relation to their corporate counsel. The problem arises from the laws of civil law countries (particularly European). They do not consider that corporate counsel have sufficient independence from their employers for privilege or professional secrecy to apply in communications between them relating to legal advice given by corporate counsel to the corporations concerned.

The speakers are qualified across the breadth of these issues – Cristobal Porzio a Chilean lawyer, reporting on civil law regimes of South America, John Bochnovic standing in for Steven Garland, on the common law regime of Canada, Buck de Wolf, Intellectual Property Corporate Counsel for GE of the USA, and Michael Dowling, Chairman of AIPPI's Q199 (Privilege Task Force) on the common law and statutory regime in Australia.

Cristobal Porzio

Latin American countries appear to have similar law on the surface, but there are important differences between them. One thing is the same though – they do not have pre-trial discovery as in the United States. Therefore, the issue of client-attorney privilege has impact mainly in negotiations and in trials once legal procedures have started. The South American countries in focus for this presentation are Argentina, Brazil, Chile, Colombia and Peru.

In relation to these countries, the following issues are addressed.

- What advisers are there in South American countries? Are they always lawyers?
- Does privilege apply for clients' communications with IP advisers?
- What is the scope of such privilege? Is it applicable to non-lawyers?

- Is there any difference between a national adviser or an overseas adviser?
- Should amendments be incorporated in the national laws or are the national laws sufficient as now?

All of the countries have a very clear ruling on lawyers' obligations and privilege for communications between an attorney and a client to be secret. Regarding non-lawyers, some of the countries such as Brazil and Argentina have rather clear rules while others like Chile have vaguer rules. The differences in most of the Latin American countries are those between lawyers and non-lawyer IP practitioners. They cause a problem and risk for clients.

There is a real prospect that South American lawyer and non-lawyer IP adviser advice will be transmitted to clients overseas. Where advice comes into a country from a non-lawyer/IP adviser in South America or from a lawyer in a country that does not have client-attorney privilege, there is a risk of disclosure of that advice in proceedings overseas.

The conclusion has to be that privilege and professional secrecy are subjects for harmonization. Clients do need to be able to compare their IP advice from one country to another without the risk of disclosure.

John Bochnovic (speaking on behalf of Steven Garland)
In Canada, solicitor-client privilege is near-absolute and yields to few exceptions. Without privilege, the concern is that clients will not feel free or unencumbered to disclose all material facts to their lawyers, thereby affecting (adversely) the completeness and accuracy of legal advice. Thus the integrity of the administration of justice will be negatively affected.

There is both legal advice privilege and litigation privilege. Legal advice privilege only applies between clients and their lawyers. Litigation privilege can be asserted over communications made in respect of pending or completed litigation and is not limited to communications between a lawyer and a client, but can extend to communications between the client or the lawyer and third parties.

However, there is no privilege attaching to communications between a client and patent/trade mark agents in Canada and a number of Canadian decisions have also held that privilege which would normally apply between a client and a lawyer will not necessarily extend to communications between the same where the person acting (ie. notwithstanding that that person is a lawyer) is acting as a patent/trade mark agent.

Canadian law is uncertain in relation to recognizing privilege in communications as between IP owners and foreign patent and trade mark agents, even if they would be privileged overseas.

There are pitfalls and obstacles for IP owners operating in multiple jurisdictions involving Canada. Canada is by no means the only country contributing to the complexity which leads to the lack of or loss of protection against forcible disclosure of IP legal advice around the world.

In relation to the need for harmonization and looking particularly at AIPPI's proposal for an international treaty, alternatives to a treaty have been considered. Such alternatives may be in the form of WIPO Recommendations such as the WIPO Joint Recommendation concerning Provisions on the Protection of Well-Known Marks.

However, an international treaty among Member States administered through WIPO might be a better vehicle to achieve a common, global approach to ensuring that confidential communications between non-lawyer IP advisers and their clients so that those clients would have the same or similar privilege as applies to lawyer/client communications.

The requirement of minimum standards is desirable, no less than that accorded to lawyer/solicitor-client privilege in the Member States. IP advice should be treated as confidential unless disclosed with the authority of the IP owner.

Whatever the international arrangement may be, it would have to define the scope of protection. The Q199 Committee of AIPPI has proposed that the protection should apply in respect of any matters pertaining to intellectual property rights arising within the scope of services normally provided by an IP adviser in the particular Member State and that would include any record or document made for the purposes of or relating to communications between an IP owner and an IP adviser in respect of those matters.

Further, a decision needs to be made about the definition of 'IP adviser' from country to country. The Q199 Committee has proposed – 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 IP advice is provided, to give that advice.

In conclusion, if one accepts the public policy considerations which support providing privilege to a communication between a lawyer IP adviser and an IP owner (namely to encourage full and frank communication between clients and their IP advisers so as to promote the broader public interest in the observance of, and respect for, the law and the administration of justice), it is difficult to understand why those same public policy considerations would not apply when the same type of communication takes place between an IP owner and a non-lawyer IP adviser, or a foreign adviser.

There are thus compelling reasons for countries to consider an international treaty administered through WIPO, as an appropriate means to achieve a common global approach to ensuring that confidential communications between all IP advisers and their clients are treated in a consistent, harmonious and efficient manner.

Buck de Wolf – General Electric Company

The law relating to attorney-client privilege is not harmonized across jurisdictions. This poses a serious problem for companies operating in multiple jurisdictions. The following topics are dealt with.

- How attorney-client privilege differs from the duty of professional secrecy that attaches to representation by legal advisers but not non-lawyer advisers.
- The non-uniformity as between different jurisdictions on the law relating to attorney-client privilege.
- The negative impact of such non-uniformity in the context of patent law.
- Discrimination against legal communications with in-house counsel as opposed to external counsel.
- Possible TRIPs implications of such lack of uniformity.
- ICC's proposals for harmonization of the law of attorney-client privilege in the context of intellectual property law.

In relation to the impact of the non-uniformity of the law, it was pointed out that some jurisdictions such as Canada and Australia, do not recognize IP privilege law of other jurisdictions. Such non-uniformity and unpredictability of IP privilege laws is effectively a disincentive for operating in multiple jurisdictions.

IP privilege laws disparately impact companies depending upon their home jurisdictions. In particular, companies from civil-law countries will generally be worse off compared to their counterparts in common-law jurisdictions in relation to forcible disclosure of their IP professional advice.

On the treatment of in-house counsel, importantly, the rationale for treating in-house counsel differently, ignores the reality that disciplinary rules in nearly all jurisdictions apply equally to both in-house counsel and external counsel.

In relation to harmonization, it was pointed out that ICC (as well as AIPPI) has proposed a treaty to accomplish harmonization of the rules relating to privilege across jurisdictions. As to the ICC proposal, it would in particular specify the following in any treaty.

- The courts of each State would respect the privilege law of other States and specifically so in evaluating whether a communication between a client and a qualified adviser of another State is privileged before a court of the first State.
- Communications and legal advice relating to intellectual property with specified categories of advisers, would be privileged.
- Each State would specify the categories of intellectual property adviser to which client privilege would apply. Preferably those categories would include general lawyers, local patent and trade mark attorneys and agents and regional intellectual property advisers (such as European patent attorneys).
- There would be an additional provision in the treaty specifying that in-house IP advisers would extend privilege to those they advise in their companies to the same extent as would apply in the relationship of employees of the companies with external advisers.

Michael Dowling – Chairman of AIPPI Q199 (Privilege Task Force); an Australian lawyer

The main topics were client privilege in intellectual property professional advice in Australia and the key points which emerged from the WIPO/AIPPI Conference held in Geneva in May 2008.

First, as to the global context, most countries recognize the need for client/adviser communications to be protected in some way. Where that recognition applies, the basis seems to be the same or similar in all places.

That is, that there is a need for full and frank disclosure between client and professional in order to obtain the best advice. The giving of proper legal advice leads to the enforcement of the law (ie. a public interest). It is surprising then that the law does not reach out by providing protection to clients within each country in relation to the advice they receive from IP professionals overseas.

It was observed that it is hardly a controversial concept to require that each country in effect treats clients of IP professionals overseas the same way as they treat clients of IP professionals at home.

As to Australia, privilege applies to non-lawyer patent attorneys and has done so for very many years. Thus, Australia has advanced beyond the position of some in Canada who feel that the sky will fall in on their businesses if privilege is extended to the clients of non-lawyer patent attorneys. Privilege is not seen in Australia as a benefit of the right to practise as a lawyer; rather, in Australia, the focus is on the needs of the client.

However, the Australian position is not without its problems. Whilst Australia does not have concerns over the qualifications of non-lawyer patent attorneys versus those of lawyers, the protection afforded to clients of non-lawyer patent attorneys, does not extend to communications between such attorneys and third parties or with such attorneys and overseas non-lawyer patent attorneys.

Turning to the WIPO/AIPPI Conference on CPIPPA in Geneva in May 2008, the papers have been published by WIPO and provide a substantial comparative law introduction on the status of privilege or equivalent protection in the context of IP professionals, around the world.

Key points which emerged from the Geneva conference were as follows.

- Clients have to take their IP professional advisers as they find them from country to country and they have to rationalize their advice from one country to the next, notwithstanding the risks which that involves, ie. of the loss of privilege or professional secrecy.
- Clients are confused about whether privilege applies or not and whether they are risking loss of privilege or not.
- Clients incur substantial costs in determining whether privilege applies or not and in devising and carrying out mechanisms to avoid the pitfalls of the lack or loss of privilege.
- The risk of economic loss and the loss itself caused by the cost referred to in the previous point is a barrier to the transfer of technology and to trade.
- In relation to in-house counsel, the treatment in in-house counsel as lacking the requisite independence for the application of privilege overlooks the truth that the relationship between an external IP professional adviser can be of far longer standing and of far greater financial benefit to the IP adviser, than applies to in-house counsel. Accordingly, mere employment cannot, as a matter of logic, be a reason why requisite "independence" cannot exist.
- Through WIPO, the Member States are to be congratulated on taking a great step forward through the Standing Committee on Patents – the SCP is studying client/patent attorney privilege, which is a major step forward towards devising a rational and efficient client/patent attorney privilege regime where clients are dealing with IP professionals from country to country.

The discussion in the Workshop focused on the difficulties for clients of the current global regime.

There was support for the analysis that was made by the speakers and for their recommendations.

There was apparent acceptance that the problem does need a global push by the Member States of WIPO supported by the IP NGOs (FICPI, AIPPI, ICC etc.) to overcome the current problems.

Chairman's closing remarks

The speakers and the audience, by their comments respectively, have supported the importance of this issue as a practical one which must be resolved for the benefit of IPR owners and opponents alike in relation to the functioning of the IP system globally.

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