

AIPPI Submissions to WIPO for SCP/15 in relation to the study of Client-Attorney Privilege (CAP) – including SCP/14/10 Prov and as to the future work of the SCP in relation to CAP.

1. The Submissions.

AIPPI submits to WIPO and through WIPO to the Member States in the SCP, as follows.

- 1.1 The work done by the SCP on the problems of CAP to date, has proven and has thus justified the need for the SCP to mandate WIPO to study and report to the SCP on options for remedies.
- 1.2 Nearly every country in the world provides by its national law, protection of clients from forcible disclosure of their IP professional advice, in each case in the public interest of getting the national law enforced through the giving of correct legal advice.
- 1.3 The problems of CAP work against that public interest because unless there is certain protection against forcible disclosure of IP professional advice, clients and IP professionals are discouraged from making the full and frank transfers of information between them which the national law is intended to support and which is a fundamental condition for correct legal advice in the public interest.
- 1.4 For these reasons, particularly in the interest of supporting the intended effect of their national law, the SCP should at SCP 15 mandate WIPO to study and report to the SCP on options for remedies of the problems of CAP.
- 1.5 The title of the project should be changed (and the acronym accordingly) to more accurately relate to the problems on which it focuses which is – 'Protection of clients' IP professional advice' (**PCIPPA**).

2. Background to the Submissions

- 2.1 These Submissions are made by AIPPI in response to the invitation by letter dated 14 April 2010 of the Deputy Director General, James Pooley.
- 2.2 AIPPI incorporates here by reference to it, the history of the substantial work carried out by the SCP on CAP described in the AIPPI Submission to WIPO dated 31 August 2009.
- 2.3 That work and the further substantial work in SCP/14/2 which occurred in the first three days of the SCP meeting in Geneva in January 2010, has further defined and elucidated the problems that have been studied under the title 'CAP'.
- 2.4 The title 'CAP' is incorrect and now misleading as to the subjects being studied. They are not just 'privilege' in relation to the client attorney relationship. They include any form of protection of instructions to and the advice to clients by IP professionals. Thus, they include professional secrecy and confidentiality where it is enforced to protect IP professional advice (see paragraph 57 of SCP/14/10 Prov at pages 16 and 17).

2.5 During the SCP 14 meeting, the Member States were urged by the IP NGOs to move on from studying problems of CAP/PCIPPA to studying options to resolve those problems. See in SCP/14/10 Prov, the following references.

ICC paragraph 55, lines 22-24.

AIPPI paragraph 57, lines 3-5.

GRUR paragraph 61, lines 12-13.

FICPI paragraph 135, pages 40 and 41, advocating the need for solutions to particular problems relating to CAP.

APAA paragraph 136, lines 27-32.

CEIPI paragraph 137, lines 7-12.

ICC paragraph 138, lines 26-29.

IPIC paragraph 139, lines 9-12.

JPAA paragraph 140, lines 7-10.

EPI+CIPA paragraph 143, lines 5-7.

AIPPI paragraph 144, lines 34-43.

2.6 By the substantial work of the SCP including the support of the Secretariat of WIPO and the IP NGOs, the following matters were well-established as to PCIPPA, **before** the delegates of the Member States began negotiations on the SCP Agenda at SCP 14 on Thursday 28 January 2010.

- (i) The problems of CAP/PCIPPA cannot be resolved by national law alone; remedy requires national law changes based on an internationally accepted formula.
- (ii) The problems of CAP/PCIPPA mean that national laws providing protection cannot now achieve their intended effect nationally of allowing full and frank communications between clients and their IP professional advisers so that the law will be enforced through correct legal advice – that is, those laws cannot achieve the prime public interest and intention which underlies that national law.
- (iii) The need for the problems to be resolved is therefore in the interests of all national governments which provide the protection under their law.

2.7 At SCP 14, AIPPI informed the SCP meeting on the need to study options for remedies in the following terms (see paragraph 57 of SCP/14/10 Prov, lines 3-13 on page 17).

The Representative (of AIPPI) stressed that, in his view, the work had reached the point where help from the Member States was needed to study options for remedies. The issues to be taken into account for any viable agreement to be reached were: existing limitations and exceptions, issues relating to the qualifications of IP professionals, the preservation of judicial discretion, the necessity of disclosure that was needed for justice, and the limits of the scope of protection, i.e., to the third parties and lawyers transacting with third parties, and non-lawyers doing likewise in order to give advice. Moreover, the Representative stated that the questions as to whether the dominant purpose test, which has been well explained in the documents, be part of the international regime and how waiver of privilege was determined and

should be addressed. The Representative hoped that AIPPI would be able to present its further analysis of the issue by the SCP's following session.

- 2.8 Negotiations on the SCP Agenda occurred over two full days – 28 and 29 January 2010. The process involved is not transparent and thus AIPPI does not have direct knowledge of the discussions. The delegates decided that CAP (like everything else for the SCP 14 Agenda) remains on the Agenda for the SCP 15 meeting. There was no mandate provided for the WIPO Secretariat to study remedies. Thus, in effect, the period from SCP 14 to SCP 15 (about 10 months) is a delay in relation to solving the problems of CAP.
- 2.9 The outcome of the SCP negotiations on its Agenda was for AIPPI puzzling and disappointing. The main reason to be puzzled is that it had already been established that the study of remedies is in the interests of nearly every country. That is because nearly every country has national law which directly or indirectly provides protection of clients from forcible disclosure. For what reason could the delegates possibly not want to have remedies studied in the interests of making their own law effective?
- 2.10 The main reason to be disappointed is that the failure to mandate WIPO to study remedies is a failure in the efficiency of the SCP process itself. The granting of the mandate was (and still is) fully justified by the outcome of the good work which had previously been done in the SCP.
- 2.11 Substantial further work on CAP and in particular in relation to remedies, has been done by AIPPI since SCP 14. That work is potentially useful to the SCP's process in deciding its Agenda. At the time of preparing these Submissions (that is, August 2010 and thus well prior to the AIPPI Congress in Paris 3-6 October, 2010 at which the full results of AIPPI's work are to be presented), AIPPI only has preliminary indications from that work to put forward in support of these Submissions. Those preliminary indications are reported below (see Section 4). They are drawn from the Responses of the 47 countries whose AIPPI representatives responded¹ to a Questionnaire issued by AIPPI in January/February 2010.

3. The positions of particular Member States on studies of the problems of CAP, at SCP 13 and 14.

- 3.1 First, most of the delegates of the Member States who addressed the meetings were in favour of continuing the studies of CAP. At SCP 13 there were 20 in favour, 6 neutral and none against. At SCP 14 there were 10 in favour, 5 neutral and 1 against. The only country which has stated in an open meeting of the SCP that it is against further studies, is Argentina. That statement was made at SCP 14 - see SCP/14/10 Prov paragraphs 117 and 133. As to Argentina's position, the reasons it expressed are referred to in paragraph 3.20 below.

¹ The NRGs of the following countries responded – Argentina, Australia, Austria, Belarus, Brazil, Canada, Chile, China, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Lithuania, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, UAE, United Kingdom, United States of America, Uruguay, Venezuela.

3.2 A number of the countries in the 'neutral' category, raised issues some of which are reasonable topics for further study in relation to remedies. That applies to some of the issues raised by India, Pakistan, Iran and Indonesia. AIPPI submits its comments on particular points raised by some of the delegates in SCP 14, as follows.

India

3.3 India's delegates stated three main points.²

- Privilege is not regulated under the Paris Convention or in the TRIPS Agreement; therefore privilege is for each country to decide.
- Harmonisation of the laws of privilege could have substantive implications.
- More information could be kept out of the public domain; that could adversely affect patents and access to information.

3.4 The reference to the Paris Convention and the TRIPS Agreement is a legal mistake. In the context of the subjects of the treaties, the procedural law to be applied is national law of signatories. As privilege is not a subject of the treaties, there is no connection between the treaties and the claim that privilege is a subject for national law only.

3.5 Taking the points raised by the delegates for India globally, the position of India which they reflect is negative to studies of remedies in the SCP. That is surprising because it is a position opposed to making India's national law effective. For more than a century, India has provided protection to clients from forcible disclosure of IP advice given by lawyers. However, for both lawyers and non-lawyer professionals, that law is now not adequate.

3.6 As to the inadequacy of the protection of clients dealing with Indian lawyers, when the advice of Indian lawyers is sent overseas, if the advice is disclosed to IP professionals overseas to whom the protection under Indian law does not extend, the protection in India is lost.

3.7 As to non-lawyer professionals (patent attorneys) like many other countries, India has developed a new non-lawyer IP profession (non-lawyer patent attorneys) to gain the efficiency of their scientific qualifications. The clients of Indian patent attorneys who now do the work that Indian lawyers used to do, are not protected from forcible disclosure. The same clients dealing with lawyers, would be protected.

3.8 Under the common law, the Indian law of privilege exists to encourage full and frank transfer of information between clients and lawyers, in relation to legal advice. If the protection does not apply with certainty, full and frank transfer of information is not supported. The reason for having the law of privilege in the first place is therefore not supported. That reason is the public interest in the enforcement of the law through the providing of correct advice.

3.9 As to the second point - harmonisation of the law of privilege having substantive implications, that comment is premature in the SCP process. The SCP has not worked out

² Paragraph 119, SCP/14/10 Prov.

what are the options for remedies as yet. Until you know the remedy, you cannot identify 'substantive effects', or work out their quality.

- 3.10 As to the third point, ie on keeping 'more information' out of the public domain, the information which would be protected from disclosure is the same information as is already protected from disclosure by Indian law when lawyers are consulted. Thus, there is no 'more information' to be kept out of the public domain.
- 3.11 Further, it should be noted, that in striking the balance between full disclosure of material and relevant information on the one hand and protection against disclosure under privilege on the other hand, Indian law has already weighed the desirability of full and frank transfer of information between clients and those qualified to advise clients on IP law for the purpose stated above, as greater than the need for disclosure. That same decision has also been made by numerous other common law countries. The decision takes into account that the instructions for legal advice and the advice itself, is a narrow category of information which by its nature is not basic factual information except where there is information which would be relevant to an allegation of fraud. Privilege cannot be relied upon to deny the disclosure of information relevant to such an allegation.
- 3.12 The studies of options for remedies should be totally open at the outset. That is, nobody should predict or pre-suppose the outcome of the studies. That includes the outcome on harmonisation including in relation to what limitations, exceptions and waivers might apply to the protection. Of course, one does not cross the boundary of that principle merely by observing that this aspect of the studies will have complexities or that 'one size might not fit all'. But if observations such as those are given negative effect in relation to starting the studies, that does cross the boundary; they are no justification for not commencing the studies.

Pakistan

- 3.13 There were six main points.³
- Lawyers are subject to serious consequences under professional codes of conduct. They do not apply to patent attorneys and patent agents.
 - The implications of having uniform legal standards on client attorney privilege have not been sufficiently analysed.
 - More information crucial to the discovery of truth may be concealed; this could have adverse implications particularly for developing countries.
 - What are the substantive implications in relation to the harmonised exceptions.
 - Article 2(3) of the Paris Convention means that privilege should be treated as a matter of private law.
 - If there are further studies, the relationship between client attorney privilege and public interest should be studied; the topics should include patent quality, competition, and other aspects of development.

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Paragraph 125, SCP/14/10 Prov.

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- 3.14 As to the application of professional codes for patent attorneys and patent agents, that can, of course, be obtained by regulation. Regulation of non-lawyer patent attorneys applies widely around the world already – both in common and civil law jurisdictions. It is interesting that new laws dealing with regulating patent attorneys and patent agents and protecting clients from disclosure of their advice are being introduced. That applies in Australia, Switzerland and Sweden and is being considered in Norway.
- 3.15 The suggestion that more analysis of adverse implications is necessary, is reasonable but it presupposes that you know what remedy is being considered. Only then can you work out its implications.
- 3.16 The points made by Pakistan about concealment and the meaning of the Paris Convention, have been dealt with in relation to India above. Whether there are 'substantive implications' depends on what the remedy is. That is a matter to be considered in further studies.
- 3.17 In Pakistan, advocates are prohibited from disclosing confidential information under Article 9 of the Qanoon-e-Shadat Order 1984 (**QSO**).⁴ Under Article 12 of the QSO,⁴ confidential information between a client and legal professional adviser, is not compellable unless the client is a witness. These prohibitions already put public interest in protecting the advising process to support good governance through correct advice and enforcement of the law as being ahead of the need for full disclosure.
- 3.18 Further, Pakistan is not giving due weight to the fact that the balance between public and private rights has been thoroughly dealt with first in the WIPO/AIPPI Conference of May 2008 and since then, in the SCP itself – the public interest in protecting the advising process from forcible disclosure has been strongly established as being paramount.
- 3.19 The issues raised by Pakistan as to possible effects on patent quality, competition and development are matters to be considered in relation to particular remedies. What is the potential remedy? Working that out, is the first step.

Argentina

- 3.20 The delegation of Argentina was against any further work on the inadequacies of protection against forcible disclosure.⁵ Two points were made.
- It asserted that privilege is a matter of private law belonging to national jurisdiction, relying on Article 2(3) of the Paris Convention and Article 1.1 of the TRIPS Agreement.
 - The delegation did not understand how WIPO could be dealing with CAP in the SCP – suggesting that it lacked legal competence to do so.
- 3.21 The citation of the treaties is a legal mistake. They have nothing to do with establishing what is and what is not private law, or what is 'belonging to national jurisdiction' except in the context of those treaties.

⁴ Lex Mundi Pakistan *In-House Counsel and Attorney-Client Privilege* – 2009.

⁵ Paragraphs 117 and 133 SCP/14/10 Prov.

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- 3.22 As stated above for India (India making a similar point), the treaties reserve the application of procedural law affecting/effecting the subjects of the treaties, for national law. That has no application to privilege in the context of studies to remedy the problems of CAP.
- 3.23 If one had to determine whether the protection is a matter of public or private law, the basis of the law relating to the protection is good governance which is a public interest even if the advice being protected applies between companies or persons.
- 3.24 The delegation admitted its non-understanding of the competencies of WIPO. As to the competencies of WIPO, it is part of WIPO's strategic objectives to facilitate the use of IP for development. Assisting Member States to achieve effectiveness for their protection of the IP advising process so that users of the IP systems are correctly advised, is positive for the use of IP for development. That is what the study of CAP involves.

Venezuela

- 3.25 One point was made – it relates to the professional secrecy obligation.⁶
- 3.26 The delegation was concerned that the professional secrecy obligation is about morality. Morality is really a matter for national laws, the delegation suggested.
- 3.27 There is a strong ethical component in the behaviour of professionals. That also applies in relation to the application of privilege, professional secrecy and confidentiality. However, the issue of the inadequacies of the protection from forcible disclosure provided by national law does not raise any question as to the ethical component of that law. It is essentially concerned with how the existing law operates having regard to its intended effects.
- 3.28 AIPPI is supporting a mandate for WIPO to do further studies which are supported by most of the Member States. The purpose of such studies is to make national laws on protection from forcible disclosure which already exist, effective.

4. Preliminary indications from the work of Q199 (Privilege Task Force) of AIPPI, on aspects of the study of options for remedies

- 4.1 In January and February 2010, AIPPI issued Working Guidelines and a Questionnaire to all of its National and Regional Groups. A copy of the Working Guidelines and Questionnaire is attached to these Submissions – **Attachment 1**. The main purpose of the Q&A process was to begin the work necessary for defining options for remedies of the problems.
- 4.2 The Guidelines provided background to the questions which followed them. The problem was explained as the lack of loss of the protection against forcible disclosure of IP professional advice. The nature of the remedy is easy enough to state, the Guidelines explain (at 4.1).

There needs to be the one 'device' agreed and applied within and between countries to achieve reasonable certainty of the application of protection against forcible disclosure of communications between clients and their IP advisers in relation to IP professional advice.

⁶ Paragraph 130 SCP/14/10 Prov.

However, the difficulties will be in the details of such a device.

- 4.3 The questions addressed matters of detail. The topics of the questions are generally described in the following. However, no paraphrase can substitute for reading the questions in their detail.
- What protection currently applies in each country, and since when?
 - To whom does the protection apply – i.e. clients, local IP professionals, third parties (like technical experts involved in the process of advising), overseas lawyers or non-lawyer IP advisers?
 - What limitations apply (i.e. like 'dominant purpose' test) and exceptions (eg judicial discretion, crime/fraud and so on), and waivers?
 - Whether the protection is of appropriate quality or not, both locally and as to communications with overseas IP advisers.
 - On remedies, what should be allowed for as to limitations, exceptions and waivers?
 - On qualifications of IP advisers, what should be required for the one country to recognise IP professional advisers from another in relation to the agreed protection?
 - On scope, should those countries which currently have different categories of protection (like as between legal privilege and litigation privilege) be allowed to maintain those different categories?
 - If there is an agreed principle of the protection but it is subject to particular limitations, exceptions and waivers, what limit should there be (if any) on subsequent changes to those limitations, exceptions and waivers?
 - What should the agreed principle of the protection be?
- 4.4 There were 47 'Responses' to the Questionnaire. The Responses were epitomised by the Committee of Q199 to assist AIPPI members to come to grips with the mass of detail which they involve. A 'Synthesis' will be prepared of the Responses for the AIPPI Congress in Paris. The Responses were analysed at a high level (for indications) by a 'Yes/No/Something Else/No Answer' methodology and graphs of those results were produced. The analysis by graphs is not intended to be statistical proof but it is for the purposes of guiding further studies, rather helpful.
- 4.5 The full results of the AIPPI research will be reported at the Paris Congress of AIPPI (3-6 October 2010) which occurs one week before the next SCP meeting (11-15 October 2010) in Geneva and will be available on the AIPPI website (www.aippi.org).
- 4.6 For the purposes of these Submissions in support of WIPO being mandated by the SCP to conduct further studies of CAP in particular in relation to remedies, two numbers stand out to be reported now.

What percentage of the countries represented by the 47 Responders, provide the protection (in some form) – **96%**

What percentage of those countries which provide the protection (as above) consider the protection (i.e. of local and overseas communications) which they provide, to be **inadequate – 73%**

- 4.7 AIPPI submits for the reasons specified in these Submissions including the percentages stated in the previous paragraph, that the good cause for the SCP to mandate WIPO to conduct further studies of CAP, particularly in relation to options for remedies, has been established without doubt.

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