AIPPI
ASSOCIATION INTERNATIONALE
POUR LA PROTECTION DE LA PROPRIETE INTELLECTUELLE

INTERNATIONAL ASSOCIATION
FOR THE PROTECTION OF INTELLECTUAL PROPERTY

INTERNATIONALE VEREINIGUNG
FÜR DEN SCHUTZ DES GEISTIGEN EIGENTUMS

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Report
Special Committee Q199

Client Attorney Privilege
Report Q199
Protection of Confidentiality in Intellectual Property Advice – PCIPA

Names and Functions of Committee Members

Chairman

Steven Garland (Canada)

Co-Chairmen

Michael Dowling (Australia)
Wouter Pors (Netherlands)
Luiz H.O. do Amaral (Brazil)
James Tumbridge (United Kingdom)

Secretary

Andri Hess (Switzerland)

Members


Responsible Reporter

Thierry Calame (Switzerland)
Annual Report of Special Committee Q.199 – Protection of Clients’ Intellectual Property Advice (PCIPA)

Steven B. Garland (Canada)

Summary of Activities of the Committee
The Committee’s ongoing activities this year in support of the issue of client privilege in IP professional advice include the following.

(i) Steven Garland met with the Canadian Commissioner of Patents in February of 2012 for discussions on the Client-Attorney Privilege (CAP) issue and Canada’s position on same.

(ii) Michael Dowling met with Tomoko Miyamoto WIPO Head of Patents in Geneva in March 2013 and briefed WIPO on issues which WIPO might consider it helpful for Member States to know from the then pending Report of WIPO to the SCP on Remedies.

(iii) Michael Dowling and Stephan Freischem attended the FICPI Melbourne Conference in April 17-20, 2012 and met with representatives of FICPI and AIPLA in respect of possible international Colloquium in June 2013 on PCIPA.

(iv) Steven Garland and Stephan Freischem attended the May 21-24, 2012 WIPO SCP meeting in Geneva and made oral and written submissions on behalf of AIPPI on the issue of CAP. This was reported to the Bureau shortly after the meeting. The result was that the DAG countries continue to object to the issue being considered further by the SCP. Because an agreement could not be reached on the agenda for the next SCP meeting in November of 2012, the CAP issue remains on the agenda. However, it is clear that there is very little likelihood that anything substantive on the CAP issue will come out of any SCP activity in view of the opposition by the DAG countries. This realised Q199’s previously reported concern that AIPPI should have an alternative strategy (called Plan B) to achieve a successful result in respect of this issue, and in particular having a small number of Group B countries consider bilateral and multilateral agreements as between such countries.

(v) Stephan Freischem, Michael Dowling, and Steven Garland have participated in a number of telephone meetings with members of FICPI and AIPLA in respect of the organization of the international Colloquium. The Colloquium is tentatively scheduled for June 26 -28, 2013 in Paris, France. The potential invitees will likely largely be made up of appropriate representatives of national governments from various Group B countries, including Australia, Canada, France, Germany, Japan, Netherlands, Switzerland, United Kingdom, and United States.

(vi) Michael Dowling and Steven Garland have prepared and circulated to the FICPI and AIPLA members of the organizing committee a draft program for the Colloquium, and a draft International Agreement and Explanatory Memorandum. Copies of the draft Agreement and EM are attached.
Deadline for any action

There are presently no set deadlines for any action.

As noted above, members of the Bureau and the Q199 Committee are part of a committee organizing an international Colloquium on CAP to be held in Paris on June 26-28, 2013, and further support of AIPPI in general and by the Bureau in particular is much appreciated. The organizational work with members of FICPI and AIPLA continues.

The next SCP (the 19th session) will be in Geneva on November 26-30, 2012. The Q199 Committee does not envision making any written submissions to WIPO in advance of the meeting though it will depend in part on the contents of any documentation generated by WIPO or its member states in advance of the meeting.

Action recommended

It is the Committee’s view that although the chances of any positive outcome on CAP via the SCP is doubtful, as long as the issue remains on the SCP agenda, AIPPI should continue to support and encourage the SCP to study possible remedies that might be adopted to protect, in particular, the loss of privilege based on cross-border issues and the lack of an internationally harmonized approach to the protection of the confidentiality of such communications.

Overall, it is believed that the implementation of any such remedies to the existing problems will likely only come about via bilateral, multilateral and plurilateral agreements as amongst Group B countries. The participation of the Committee in organizing the international Colloquium is intended to assist in achieving this goal. Subsequent to the Colloquium, it is anticipated that AIPPI will through its respective National Groups, need to engage with some Group B governments to encourage and assist them in further addressing the issue of CAP both domestically (where necessary) and also in negotiating international arrangements possibly along the lines of the International Agreement proposed by Q199.

The Committee recommends that this Report (in particular AIPPI’s involvement in the proposed Colloquium and the proposed International Agreement and EM) be addressed by the Chairman of Q199 (or his delegate) in one of the EXCO meetings in Seoul. This is to allow and encourage wider involvement of the membership of AIPPI in the work of Q199.

September 24, 2012
AIPPI’s proposal for an International Agreement to implement a minimum standard for protection from forcible disclosure of communications relating to the obtaining and giving of IP professional advice on or relating to intellectual property (the protection)

1. Summary

1.1 This proposal essentially addresses the need for an International Agreement requiring the national signatories to have, or to provide and have, laws which achieve a minimum standard for protecting from forcible disclosure, communications to and from intellectual property advisors relating to their advising on intellectual property rights (IPRs). In relation to that proposal, this Memorandum proposes in Attachment 4 a form for that International Agreement to be considered and commented on by the PTFRs.

1.2 The Agreement proposed requires the signatories to achieve a minimum standard of protection. How they achieve that standard is left for them to decide by their own laws. This takes into account the fact that many civil and common law nations already provide the protection nationally to some extent or even completely. Implementation of the proposal potentially has greater effect in relation to applying the national protection internationally. Each signatory must at least apply its national protection to the relevant communications of clients with their overseas IP advisors where those advisors are qualified or authorised in their nations to give the advice in question.

2. Background to the proposal

2.1 You will recall that in 2005, at the invitation of WIPO, AIPPI proposed a draft Treaty on Privilege to WIPO (Attachment 1). That proposal was a ‘working draft’ and it was made essentially to progress AIPPI’s Resolution in Q163 (Attachment 2) as part of a process of exploring how to apply attorney-client privilege to the clients of non-lawyer patent and trade marks attorneys.

2.2 Q199 was formed in 2007 and since then, it first played a major part in the WIPO/AIPPI Conference on Privilege in Geneva in May, 2008 and subsequently attended and made submissions (written and oral) at six meetings of the WIPO Standing Committee on Patents. Those activities have been valuable in increasing AIPPI’s learning on the subject addressed by Q163. Just one example is that we no longer talk about the subject as ‘privilege’ – primarily a common law doctrine – and now use more universally applicable
The subject is now the protection of confidential information in communications between clients and their IP advisors, from forcible disclosure. Around the world that protection involves enforceable confidentiality and professional secrecy or privilege, and in some nations (eg Germany), both professional secrecy and privilege.

2.3 At INTA in 2009, Professor John T Cross of the University of Louisville School of Law, presented a constructive paper titled ‘Evidentiary Privileges in International Property Practice’ (Attachment 3). In Section 2 of that paper, Prof. Cross critiqued the AIPPI 2005 proposal to WIPO. He said the proposal had much to commend it. He pointed out that it would provide certainty for judges in relation to other nations’ laws as the scope of privilege would be the same in every case, predictability for clients and their representatives, and broad scope in applying to any sort of intellectual property representation including by experts and overseas IP advisors.

2.4 However, Prof. Cross suggested that in relation to common law nations, the AIPPI proposal needed to make allowance for nations which apply a distinction they frequently apply now between attorney-client and litigation privileges.

2.5 Prof. Cross also suggested that the AIPPI proposal extending privilege to non-legal experts would be controversial. In Australia privilege applies to communications with non-legal experts who are independent. However, that privilege is confined to communications for the dominant purpose of giving legal advice. Further if the expert gives evidence in court (as opposed to advising the IP advisor in the background), none of the communications between expert and the IP advisors relating to the subjects of the evidence, is privileged. So the ‘extension’ in Australia is in effect rather limited. The current proposal of AIPPI does not require any change to a nation’s current practice on this matter.

2.6 Prof. Cross indicated that the historic AIPPI proposal (2005) could lead to an undesirable expansion of privilege beyond IP. We do not follow that point first because all those to whom the protection would be extended are either giving legal advice or providing information to IP advisors to assist or enable them to give legal advice. Secondly, where privilege has been applied to the clients of non lawyer patent and trade marks attorneys (eg Australia, UK, and New Zealand for decades), there has been no such undesirable expansion of privilege. However, Prof. Cross’s commentary on that possibility and other commentary he makes, has the distinct virtue of warning of the need in relation to AIPPI’s proposal first to allow for limitations in existing national laws to continue and secondly, to have drafting that does not cause unwanted side effects.

2.7 Another problem which Prof. Cross identified was the need for the AIPPI proposal to allow for exceptions. He suggested that this problem (ie in the 2005 proposal) could be overcome by taking a page from the book of current intellectual property treaties. They allow for limitations and exceptions by setting minimum standards with ‘safety valves’ for limitations and exceptions. He referred to the ‘three point test’ in TRIPS. He observed that by invoking similar drafting, AIPPI could take into account local considerations, without undermining the essence of the minimum standard.

2.8 At SCP18 May this year, the Member States were unable to agree on a fresh agenda for SCP19. Therefore the agenda for SCP17 continues to apply so theoretically ‘CAP’ or ‘Client/Attorney Privilege’, remains a topic for study and debate in WIPO. There is,
however, no mandate for WIPO to report to the SCP on CAP and so effective work on CAP is at a standstill in the SCP. However, the work which has been done in the SCP and the background to that work in the WIPO/AIPPI Conference on Privilege in 2008, provide valuable data for AIPPI’s current proposal. This information is referred to in Section 3 below.

3. Information from the WIPO/AIPPI Conference on Privilege (May 2008) and the subsequent SCP meetings on CAP

3.1 The protection (where it exists) is dependant upon confidentiality in the communications to which it applies first being established and then being maintained. The lack of laws including their lack of scope and consistency, is causing IP owners to risk loss of, and to lose, confidentiality in the advice they obtain from IP advisors. The adverse effects of this lack of laws include loss and the risk of loss of the protection in nations where the protection would otherwise have applied.

3.2 For example, if the protection which exists in one nation is not recognised and enforced in another nation where the owners of the particular IP (in both nations) wish to enforce that IP, communication of the advice obtained in the nation where the protection does exist to the nation where it does not, brings with it the risk that the advice may be required to be made public in the latter nation. If it is thus forced to be published, it is no longer confidential, that is, in any nation.

3.3 The legal forms of the protection which now exist are professional secrecy in the case of civil law nations and privilege in the case of common law nations. Professional secrecy casts an obligation on the IP advisor not to disclose the subject of communications relating to the IP advice. Those who instruct the IP advisor are in effect protected from forcible disclosure by having no obligation to make discovery. Privilege is the right of the client not to be forced to disclose communications including not to be forced to produce in discovery communications relating to the IP advice.

3.4 Theoretically, a civil court judge has the power to require production and use in proceedings of any documents which the parties may have. However, this power is not often used and so for the purposes of this proposal, it is ignored.

3.5 Both professional secrecy and privilege have the purpose of encouraging those seeking advice and those giving it to be fully frank with each other in the process. The needs for communications to be fully frank are linked to achieving public and private interests. First, full and frank communications support the giving and obtaining of correct advice. Second, they support performance of the law.

3.6 Global trade and IPRs which are involved in and which support that trade, go hand in hand. Accordingly, failure to provide the protection and failure to recognise and maintain the protection which is provided in another nation where there are challenges to similar IPRs, are inevitably going to cause problems in doing business based on those IPRs.

3.7 The scope of the protection in each nation needs to be minimally the same. First, the protection must apply to all the national IP advisors. Second, it must extend to overseas
IP advisors whose advice is sought in relation to particular IPRs including national and international aspects of the IP in issue.

3.8 In nations where the protection applies, there are commonly limitations and exceptions which apply to that protection. Such limitations include, for example, that the protection applies to what is communicated for the dominant purpose of the obtaining or giving of advice on the law. Such exceptions include, for example, any communication involving crime or fraud where such crime or fraud is an issue in the proceeding. Limitations and exceptions of the nature of the examples cited here, apply to specific, and in specified, circumstances. As such, those limitations and exceptions to the application of the protection are seen as necessary and desirable and where they apply, they are not regarded as compromising the protection because they are specific and limited.

3.9 In common law nations where privilege from forcible disclosure is the protection provided for clients of lawyers and in some of those nations, for clients of non-lawyer patent and trade marks attorneys, privilege is often categorised as client/lawyer privilege and litigation privilege.

3.10 Client/lawyer privilege is in most common law nations limited to communications between a client and the client’s lawyer, ie it does not extend to communications by a client or a lawyer with a third party even if those communications are for the purposes of enabling the lawyer to advise the client. Such communications are often subject to the further limitation that they must be made for the dominant purpose of the obtaining or giving of advice on the law.

3.11 Client/lawyer privilege from forcible disclosure is regarded as strong because it lasts forever even after the matter has ended and the client has died. The privilege applies even if a third party needs the information which has been communicated, that is, even if the third party could not make its case without that information. This category of privilege is subject to few exceptions. One example is where crime or fraud is the subject of a proceeding. A lawyer could be forced to disclose the content of the communications if they were relevant to whether such a fraud or crime had been committed.

3.12 Litigation privilege is different from client/lawyer privilege. In scope, litigation privilege extends to third parties (such as witnesses and independent experts) as well as client/lawyer communications. But it only applies to communications where they occur in a background of contemplated or pending litigation. In contrast with client/lawyer privilege, in some jurisdictions the privilege can be compromised where another party needs the information which the communications contain in order for that party to make its case in the proceedings. As well (another difference) when the matter is over, the privilege no longer applies.

3.13 Thus, it will be seen that where the two categories of privilege apply, the law is developed and well established. The two categories can and frequently would overlap. A principal benefit for litigation privilege is its reach to protect communications with third parties.

3.14 Whilst there are many variations from one nation to another, that should not be a concern assuming that the protection as it applies to communications with overseas IP advisors is treated the same way as communications with national IP advisors. The established limitations and exceptions are specific and limited. Thus, it is not necessary to harmonise
the differences in the protection from forcible disclosure which are now established law. Accordingly, the minimum standard required for the protection should allow for the continued existence of those differences.

3.15 The basic obligation to provide the protection according to an agreed minimum standard, needs to be subject to limitations, exceptions, and variations. Any nation which is a signatory to the agreement, should be permitted to adopt limitations, exceptions and variations as they see fit. Both the foregoing propositions should be subject to the qualification that they do not adversely affect the protection which is to be provided. A formula allowing such limitations, exceptions and variations without unreasonable adverse effect on the protection required by the agreement, is part of AIPPI's proposal for the Agreement.

4. The proposed agreement

4.1 The proposed agreement is Attachment 4

4.2 This proposal is guided by the commentary in Sections 2 and 3 above. In particular, the minimum standard required relates to providing the protection. The protection applies to national IP advisors and their clients, and their overseas advisors. If a nation such as Australia wishes to extend the protection to independent experts (as it does now) that is not denied. Nor is any nation that does not want to extend the protection to such experts, required to do so.

4.3 The IP advisors (which include non-lawyer IP advisors) are defined in the same way as in the 2005 proposal with the exception that instead of requiring them to be ‘legally qualified’ (which was capable of ambiguity), they are to be ‘qualified or authorised’ in their nation, to give the advice in question.

4.4 The differences between nations (civil and common law) and the limitations, exceptions and variations which exist, in those nations, are not disturbed.

4.5 However, the application of the protection is not to be affected by limitations, exceptions or variations which would negate or substantially reduce the objective effect of the requirement to have the protection except in limited circumstances that are specified and subject to a general qualification expressed as follows -

"... having due regard to the need to support the public and private interests described in the recitals to this Agreement which the effect of the provision in clause 2 is intended to support, and the need which clients have for the protection to apply with certainty."

5. Postlude – ‘privilege’ or ‘the protection’

5.1 The tension over failures to extend local privilege to overseas non-lawyer advisors arose in Australia, France, Japan, UK and the US. In Australia, the laws have been changed to apply privilege to the clients of overseas equivalents of Australian non-lawyer patent and trade marks attorneys. The laws of Japan and France have also been changed. In Japan the changes were made extending obligations of professional secrecy to non-lawyer IP
advisors. In France, the changes were made extending obligations to external non-lawyer IP advisors. Internal non-lawyer IP advisors were not included in the changes made in France.

5.2 The AIPPI proposal does not require ‘privilege’ to be adopted by nations that do not presently provide that right for clients. However, it does require ‘the protection’ to be provided as defined in the proposal. The outcome intended by this proposal for a civil law nation is that the combination of the lawyer and non-lawyer IP advisor being bound by professional secrecy, plus there being no right to discovery and the client not compellable (in practice), means that that nation qualifies as providing the protection as required by the proposed agreement. Clearly, unless a civil law country also has or adopts a client privilege from forcible disclosure, it can rightly be said that the client does not have a right not to disclose. However, that person is in effect in the same position as a person to whom privilege applies because there is no facility which is practised in IP matters for forcible disclosure by that client in that nation.

5.3 The particular work we see under this proposal for civil and common law countries, is to ensure first that clients and their national IP advisors are in effect subject to the protection nationally, and secondly, that the national protection is extended to apply to overseas lawyer and non-lawyer IP advisors in the same way as it applies to the national equivalents of those advisors.

Written by:
Steven Garland, Chair Q199 and
Michael Dowling, Co-Chair of Q199

October 5, 2012
Recognizing that

(1) Intellectual property rights (IPRs) exist globally and are supported by treaties and national law and that global trade requires and is supported by IPRs.

(2) IPRs need to be enforceable in each nation involved in trade in goods and services involving those IPRs, first by law and secondly, by courts which apply due process.

(3) Persons need to be able to obtain advice in confidence on IPRs from IP advisors nationally and transnationally, and therefore communications to and from such advisors and documents created for the purposes of such advice and other records relating to such advising need to be confidential to the persons so advised and protected from forcible disclosure to third parties (the protection) unless and until the persons so advised voluntarily make public such communications, documents or other records.

(4) The underlying rationale for the protection of confidentiality of such communications, documents or other records is to promote information being transferred fully and frankly between IP advisors and the persons so advised.

(5) The promotion of such full and frank transferring of information supports interests which are both public and private namely in the persons so advised obtaining correct legal advice and in their compliance with the law but to be effective, the protection needs to be certain.

(6) Nations need to support and maintain confidentiality in such communications including said documents or other records and to extend the protection which applies nationally to IP advice given by IP advisors in other nations, to avoid causing or allowing confidential advice on IPRs by IP advisors to be published and thus, the confidentiality in that advice to be lost everywhere.

(7) The adverse consequences of such loss of the protection include owners of IPRs deciding not to trade in particular nations or not to enforce IPRs in such nations where the consequences of doing so may be that their communications relating to the obtaining of IP advice get published and used against them both locally and internationally.
National laws are needed which in effect provide the same minimum standard of protection from disclosure for communications to and from IP advisors in relation to advice on IPRs, and such laws should also apply the protection to communications to and from overseas IP advisors in relation to those IPRs including their overseas equivalent IPRs.

The minimum standard of the protection needs to allow for nations having or hereafter to have, such limitations, exceptions and variations as they see fit provided that they are of specific and limited effect which does not negate or substantially reduce the effect of the protection required by the minimum standard.

**IN ORDER** to give effect to the statements recited above, the nations cited in the Schedule to this Agreement have executed this Agreement on the dates stated respectively in that Schedule.

The nations so cited **AGREE** as follows.

1. In this Agreement,

   'intellectual property advisor' means a lawyer, patent attorney or patent agent, or trade mark attorney or trade mark agent, or other person qualified or authorised in the nation where the advice is given, to give that advice.

   'intellectual property rights' includes copyright and related rights, trade marks, geographical indications, industrial designs, patents, utility models, plant breeder’s rights, integrated circuit topographies, trade-secrets, and any matters relating to such rights.

   'communication' includes any oral, written, or electronic record whether it is transmitted to another person, or not.

2. Subject to the following clause, a communication made for the purpose of, or in relation to, an intellectual property advisor providing advice on or relating to intellectual property rights to a client, shall be confidential to the client and shall be protected from disclosure to third parties, unless it is or has been made public with the authority of that client.
3. Nations may have and apply specific limitations, exceptions and variations on the scope or effect of the provision in clause 2 provided that such limitations and exceptions individually and in overall effect do not negate or substantially reduce the objective effect of clause 2 having due regard to the need to support the public and private interests described in the recitals to this Agreement which the effect of the provision in clause 2 is intended to support, and the need which clients have for the protection to apply with certainty.

THE SCHEDULE