



**Protection of Confidentiality in Intellectual Property  
(IP) Advice – National and International Remedies**

**THEMATIC SUMMARY**

## ***I. The Protection of Confidentiality in IP Advice***

### **1. Introduction**

Mr Michael Dowling from AIPPI defined the problem for the colloquium, which was the issue of IP legal advice not always being protected from forcible disclosure. This was the result of a global malfunction and had been going on for many years, but there was a remedy in sight. The objective of the colloquium was to establish a framework and address this international problem. He explained the differences in common law and civil law nations, and advised that there was no practical difference between treating professional advice as confidential in the common law, and treating it as secret in the civil law, as in both cases communications were not allowed to be forcibly disclosed. There appeared to be common ground, which was perhaps sufficient for applying a minimum standard of protection.

### **2. The AIPPI Remedy**

Technological advances and the rise of non-lawyer patent attorneys (NLPAs) meant that it was important to find a solution for the problem of confidentiality. Mr Dowling argued that those seeking IP advice still needed to communicate with their advisors in confidence, and there was a danger to client-lawyer privilege if communications were disclosed. If a client was uncertain about whether he would be forced to disclose information, he might not be frank in what he told his advisor. AIPPI's remedy did not require civil law nations to adopt common law privilege, but it required the adoption of confidentiality in IP professional advice. Both common and civil law nations, represented in the WIPO/AIPPI conference, had stated that they wanted certainty, and certainty could be obtained by adopting a provision that there was confidentiality in IP professional advice.

### **3. Goals for the Colloquium**

Mr David Hill, a past President of AIPLA, reflected on the variation of protection of communications between IP professionals and their clients in different countries, and the problematic lack of consistency. He emphasised the importance of privilege, while reminding the audience that it did not apply to facts, as facts were discoverable in countries where discovery was permitted.

The aim of the colloquium was to continue AIPPI's work and to attain an international consensus on the need for protection, and to recognise some common goals. In order to make statutory changes, which would be particularly challenging in the US, they could work with the American Law Institute (ALI) and raise the visibility of the issue in legal circles. It was essential to gain support from important governmental and non-governmental bodies by showing real life examples of the damage that was caused by the lack of protection. By achieving a consensus, they could improve the situation for all IP professionals and better advise their clients.

Representing FICPI, Mr Bill Schuurman was in agreement with the previous speakers, and said that the issue of confidentiality was even more important because of the continuing expansion of the global marketplace. FICPI was committed to ensuring the protection of confidentiality in IP advice, and their international membership included both lawyers and non-lawyer advisors. It was FICPI's position that communications needed to be protected worldwide, and that the obligation of confidentiality was extended to in-house counsel when they were giving IP advice.

## ***II. Response to the AIPPI Proposed Solution***

### **1. Potential Approaches**

Professor John Cross from the University of Louisville outlined the potential solutions for the problem. These were:

- Do nothing.
- The choice-of-law solution.
- Minimum substantive standards, which was AIPPI's proposal.

Certainty, predictability and reliability were essential, and the client needed to be confident that communication would be protected. 'Doing nothing' was not a long term solution, and although the choice-of-law approach had seemed to be the best answer, adopting a means of choosing a law and determining what law governed the relationship could be difficult.

Providing an overview of the current proposal, Professor Cross explained that it would involve a substantive, comprehensive standard that would be applied by all signatories, so that all communication relating to IP advice would be protected from disclosure. Professor Cross admired the functional approach, and believed it was an improvement on the prior proposal. There was also the flexibility to make minor limitations and variations.

There were some criticisms of the proposal, which were matters of 'fine-tuning'. Professor Cross observed that it was too broad for countries like Canada, and the focus on broader litigation privilege could be an issue. There were numerous drafting issues; for example, 'intellectual property rights' did not include trade secrets, and this was a significant oversight.

Professor Cross suggested an intermediate approach that was similar to the Berne Convention, which only required confidentiality for foreign communications, and which would be less of an intrusion on domestic policy. A serious breadth issue was the fact that the proposal extended to all legal communications, which could be troubling to some countries.

### **2. Discussion**

Brigitte Böhm, President of the German Chamber of Patent Attorneys" drew attention to the words 'authorised or qualified', pointing out that both were necessary. She advised that the wording should make it clear that there should be some sort of qualification that was necessary. Professor Cross suggested that 'qualified and authorised' might be an improvement.

Luiz Henrique O. do Amaral, President of the Brazilian AIPPI group commented that although there was protection in Brazil, the authorities' position was that it was in the public interest that all information that might lead to the validity or invalidity of a patent should be available. Professor Cross replied that while the information could be made available to other parties in litigation, he did not think the proposal was feasible from a Brazilian perspective. Mr Dowling queried why the Brazilian authorities would be interested in the advice given, when it was so subjective to the client.

Mr Lewis commented that facts were never the point of communication; the confidential point of the communication was the subjective characterisation that was communicated between client and professional.

### ***III. The Protection and Issues Arising From Discovery in Common Law Nations***

#### **1. The USA**

Mr Bernard Knight, General Counsel at USPTO, highlighted the uncertainty in the law surrounding patent or trademark agents. Regarding the issue of whether or not communications between a foreign attorney and the patent owner or client would be protected in US litigation, Mr Knight explained that this was a matter of choice-of-law in US courts. The approach involved looking at whether or not the communication took place completely on foreign soil, and also what the laws of the foreign country were. In order to achieve harmonisation, Mr Knight agreed with Professor Cross's argument for a treaty. This would have to be ratified by Congress, and then the law would be applied in all of the federal courts within the US. Mr Knight warned that while this was a worthy goal, it would be difficult to achieve.

#### **2. The United Kingdom**

Mr James Tumbridge, Counsel at Gowlings, explained the British Government's position. Since 1968 there had been some statutory protection for IP-related privilege, and trade mark attorneys and patent attorneys had statutory recognised privilege in numerous areas. The present position was that the advice given by patent attorneys or trade mark attorneys who were qualified under the British law, or registered in a European capacity, would be automatically recognised.

The British Government would be interested in seeing clarity of recognition around the world, and to see matters improved for economic reasons. The proposal was likely to be 'quite palatable' to the UK, but it depended on whether or not other countries signed up. Mr Tumbridge thought that the ending of the definition of 'intellectual property advisor' could be difficult. His personal opinion was that 'qualified person' would be a suitable alternative. The term 'authorised person' needed some clarity.

#### **3. Canada**

Mr Jeffrey Astle, Intellectual Property Counsel at Pratt & Whitney Canada and Vice President of the Intellectual Property Institute of Canada, explained the Canadian position, which was that privilege would not be recognised in any confidential communication between a non-lawyer and his or her client, and that privilege may not be recognised in any confidential communication between a lawyer and his or her client where the lawyer is providing advice in the capacity of a patent agent. No privilege will be recognised in any confidential communication of advice which a lawyer is not qualified to provide. Privilege may not be recognised in Canada in a communication for which privilege is recognised abroad. Therefore, there was no reliable protection of confidentiality in IP advice in Canada.

Speaking as a client as well as a lawyer, Mr Astle said that protection of confidentiality in IP advice was important to him in order to provide a more predictable and reliable patent system as a foundation for investment decisions, and to promote full and frank communications between IP advisers and their clients, so that clients can seek and obtain effective and appropriate advice, and

ensure compliance with the laws and the legal rights of third parties. Without protection in place, both lawyers and clients might be reluctant to put their communications in writing.

In order to proceed with protection in Canada, legislation would be required, and there had been some developments. On June 18 the Minister of Industry in Canada had responded to a report created by a Standing Committee of Parliament on the IP regime in Canada, identifying confidentiality of communications between IP advisors and their clients as an item for study.

#### **4. Australia**

Ms Fatima Beattie, the Deputy Director of IP Australia and Commissioner of Patents and the Registrar of Trade Marks and Designs, began with a historical overview of IP laws. The recent *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* had extended privilege to overseas attorneys who were authorised to provide intellectual property advice. The aspiration was to increase certainty and maintain confidentiality, ensuring that advice was not subject to forcible disclosure overseas. The unilateral introduction of privilege in national law would help align non-lawyer patent and trademark attorney privilege with that attaching to communications to and from lawyers. Ms Beattie explained the complex and lengthy treaty process in Australia, which involved Government approval and scrutiny by Parliament. She concluded by drawing attention to Section 17 of the Code of Conduct, which covered the role of the IP advisor in relation to regulatory authorities, and explained the obligations on attorneys.

#### **5. Discussion**

Mr David Hill asked Mr Knight how they could attain a consensus position to change the US law. Mr Knight recommended Professor Cross's functional approach, which involved applying the laws of foreign countries.

Mr Chambers commented that in Australia, the law relating to the privilege in communications between patent attorneys and their clients prevailed if there was conflict with state laws. He queried whether there was similar congressional power in the US, which would confer privileges. Mr Knight replied that this might be a possible remedy for changing US law, but that the US Congress would want to see reciprocity between protecting US communications in a foreign court system, if the US was to recognise the same privilege. The only way to ensure reciprocity would be through a treaty mechanism that was ratified by Congress.

Mr Danny Huntington queried whether even a treaty would be able to affect all areas of IP. Mr Knight believed that this would be possible, and that it could be written so that it also applied to trade secrets. Another question was whether this could be done under federal law through an act of Congress signed by the President. Mr Knight observed that it would be necessary to incentivise Congress to enact the law. It would be 'a hard sell' unless there was reciprocity.

### ***IV. The Protection and Issues Arising From Discovery in Civil Law Nations***

#### **1. Switzerland**

Mr Pascal Fehlbaum, from the Swiss Federal Institute of Intellectual Property, pointed out the problems with the status quo and said that in Switzerland, trademark consultants were not regulated. Patent attorneys entered into the register were entitled to represent parties before the Federal Patent Court, provided that they engage in independent practice, and they were also subject

to maintain confidentiality. Privilege became an issue in cross-border communication, and this was not only a problem for Switzerland.

One potential solution was the unilateral solution, which was simple and did not require negotiation with other countries, but there was also no guarantee of reciprocity. The bilateral solution was also quick, but only solved issues for two countries. The multilateral agreement had similar restrictions, and while the WIPO: Standing Committee on the Law of Patents option would be the best option for finding an international standard to solve the issue, reaching an agreement in a reasonable period of time seemed unlikely. Mr Fehlbaum recommended looking into the questions whether there are other possible options and which of all the options might be worth pursuing.

## **2. Germany**

Mr Hubertus Schacht, Ministerial Councillor at the Federal Ministry of Justice, stated that patent attorneys in Germany had the right to refuse disclosure of any information received while executing their profession, and the right to withhold documents possessed by the attorney. According to the mandatory Code of Professional Conduct, German attorneys had an obligation to professional secrecy. Providing information without prior consent was a crime, as well as a breach of professional conduct. German law recognised the obligation to secrecy in foreign jurisdictions. If a foreign attorney had the right to refuse disclosure of information in his own country, he had the same right in Germany.

A possible solution suggested by Mr Schacht was a common Code of Professional Conduct reflecting common values and opinions, which contained an obligation to professional secrecy. This code could also be applied to other IP advisors.

## **3. France**

Mr François Pochart from August & Debouzy outlined the three different types of practitioners in France and explained that there was a drastic division between the attorneys-at-law and IP attorneys on one side, and the in-house practitioners on the other side, in terms of the source for the privilege. In-house practitioners were affected by rule 153 of the EPC. For attorneys-at law and IP attorneys there were two laws, one of which was a law from February 2004. This law covered all communication that went in or out of the office of an attorney-at-law or an IP attorney; all communication was covered by professional secrecy. Information sent to a French firm from Germany, which was not considered confidential in Germany, was covered by secrecy and privilege under French law. There was a very strong privilege in France for private practice, but poor privilege for the in-house practitioners. Mr Pochart did not see any reason to change the law, but he acknowledged that there was a problem with in-house practitioners and the issue of whether information was discoverable or not. He believed that France was far from reaching a solution to protect privilege during any trial or IP matter.

## **4. The Netherlands**

Mr Wouter Pors from Bird & Bird reviewed the current legal situation in the Netherlands, where practitioners had the right to refuse to testify due to their obligations to secrecy. This included the right to refuse disclosure. According to Dutch law, the fact that a lawyer who was admitted to the bar was employed in-house did not mean that he could not invoke privilege. Patent attorneys were protected by privilege, but trademark attorneys were not. Mr Pors identified this as a problem that needed to be addressed.

Agreeing with previous speakers on the needs for wider legal privilege, Mr Pors argued that in an international context, there was also a need for more clarity about protection and the recognition of the legal privilege of foreign IP advisors. Currently, the Government did not want to award new legal privilege, and there also a mistaken belief that the current level of protection was sufficient. It was necessary to get the issue on the political agenda at a Benelux level, and then to seek an EU regulation or directive. The next step would be to seek an international, multilateral agreement.

## **5. Japan**

Mr Kosuke Minami, a Director at the Japanese Patent Office, said that Japanese patent attorneys were not permitted to divulge any secrets which they learned in the course of their work. The Code of Civil Procedure had undergone a major amendment in 1996. The new section introduced a general obligation to submit documents, and some exceptions. This meant that the holder of the documents could refuse to produce them if they included any facts that had been learned in the course of their duties.

In a survey targeting Japanese industry, some companies had expressed the concern that documents might not be privileged, but the Ministry of Justice had stated that client privilege for attorneys-at-law had already been provided for under the current Japanese laws. A committee would be set up in 2013 to deliberate the issue of confidentiality, as there was also a risk of disclosure in the civil procedures of other countries. Mr Minami pointed out that this issue could not be addressed by one country alone. Constructive discussion and international co-operation had to take place.

## **6. Discussion**

Mr Hill asked about the discovery of facts in Japanese law. A Japanese representative clarified that Japan did not have discovery, and there was no obligation for a party to disclose facts or communication with the attorney.

Mr Tum Thach, in-house patent attorney, initiated a discussion about the differences between in-house patent attorneys in France and the UK, and the question of privilege. Mr Hill drew attention to the situation in France and Germany, where in-house attorneys did not have independence. Mr Minami explained that in-house lawyers were covered by Japanese law. A Japanese representative thought that ‘privilege’ was not a concept that applied in Japan.

Mr Astle contrasted the in-house position in France with jurisdictions in Canada, and explained that as a member of several bars, he had to balance his obligations to the bars with his obligations to his client. He did not think that outside attorneys were any more independent, as they are paid for their services, and have an interest in client retention. A CIPA representative commented that in-house lawyers were licensed to stand up to their employers.

## **V. *The Way Forward***

### **1. Issues**

Mr Steve Garland, AIPPI, reviewed the problems in common law and civil law countries, and considered the AIPPI proposal as a way to move forward. He described it as a functional approach, which was not based on explicit privilege. Therefore, it would hopefully be harmonious as it could be applied in both a civil law and common law context. There was still the issue of where the IP

advisor was located, and the question of whether or not protection encompassed facts. He reminded the audience that the Q199 Committee had conducted a global investigation, which provided insight into the international differences in process and policy.

Mr David Hill, AIPLA Past President, outlined some recent cases in the US with Siemens and AstraZeneca, which demonstrated how the US courts dealt with foreign patent agents and showed potential dangers for clients. Mr Eric Le Forestier from FICPI explained the current situation in France and pointed out numerous additional issues, including the problem of deals being carried out on the phone instead of in writing, even in countries where privilege was supposedly recognised.

## **2. Discussion**

In the following discussion, participants made various suggestions. There was a concern that privilege could be used to cover up prior art, and it was suggested that proposal could be adapted to clarify this. Mr Garland agreed that paragraphs 2 and 3 of the proposal could be amended accordingly. The language was debated, and Mr Lewis, the President of AIPLA, expressed concern about the ‘qualified or authorised’ phrase, as he believed that this could cause confusion. Professor Cross observed that the term ‘qualified and authorised’ was being used in two different ways, and Mr Garland suggested that they should try to find language that everyone agreed on.

A question was addressed to Mr Hill about the distinction between ‘facts’ and ‘advice’. Mr Hill explained that the existence of a patent was a fact, while the advice was the opinion or communication. The existence of a patent could not be hidden.

Mr Garland asked if there were any objections to adding ‘trade secrets’ to the definition of ‘intellectual property rights’. A question was asked about ‘know-how’, and Mr Pors clarified that in Europe, the current position was that ‘know-how’ could be protected if it qualified as a trade secret, according to Article 39 of the TRIPS agreement. Mr Tumbridge warned that there could be potential difficulties with some governments, including the British Government, as they would not be comfortable with extending the definition to a category that included persons who were not clearly qualified. This addition could make it harder to get agreement. Mr Chambers believed it was imperative to include trade secrets, and Mr Garland agreed.

## **VI. *EU Unified Patent Court***

### **1. PCIPA**

Mr Kevin Mooney, Chairman of the Drafting Committee, explained that there was no common appeal court in Europe, and there were many variations in procedure. He warned that the proposed unitary patent would not cover the whole of the EU, as Italy and Spain had refused to co-operate, and other countries might choose not to ratify the unified court agreement. Mr Mooney described the structure of the Unified Patent Court, which would have central, national and regional divisions. There would be a standard procedure for all courts in the system, so everyone would have to adapt. Member states were currently deciding what the local divisions would be.

The Rules of Procedure had been re-drafted many times, and there would be a public consultation from June until the end of September. The aim was to achieve ratification in early 2015, and there would be transitional arrangements for seven years.



The UPC agreement, according to Article 53, meant that the Court could order production of documents and order inspection. There was currently some uncertainty about who would represent parties in court, because European patent attorneys would only be entitled to represent clients on their own in court if they had a European patent litigation certificate.

Mr Mooney explained that they had decided to lay down rules of privilege that were not limited to representatives before the court, and the widest definition of patent attorneys had been adopted. Therefore, privilege applied to lawyers and patent attorneys regardless of whether they were in-house or not and regardless of the law of the state where the advice was given. Although the rules were limited to litigation before the court, they sought to protect communications, and Mr Mooney believed that confidentiality was essential. There were no exceptions or limitations.

## **2. The US Situation**

Judge Susan Braden from the US Court of Federal Claims explained that she was a trial judge, and that her court was one of only two trial courts in the US that had specialised jurisdiction. This court only heard specialised claims against the Federal Government, and the patent cases were very complicated. Judge Braden believed that there would be a shrinking number of attorney-client privilege issues in litigation. The number of patent infringement cases currently pending had doubled in the last year, but only 2.4% of those cases ever went to trial before a judge or a jury. Of that 2.4%, only 1-2% ended up in a judgment where the issues of wilfulness or inequitable conduct arose. She advised that it was the lawyer's job to ensure that the judge did not allow discovery to take place before it was necessary.

## ***VII. Outcome and Review on Harmonisation and Implementation***

### **1. Judicial and Academic Views**

Mr Pierre Véron, a member of the Drafting Committee of the Rules of Procedure of the future Unified Patent Court, argued that the legislation of civil law nations in Europe took already in account both professional secrecy and legal privilege. He did not foresee a problem with the French Government helping French companies involved in litigations abroad, but he cautioned that many governments were cautious when they were requested to create or expand a privilege for IP advice, because they feared that the same solution could be extended to other areas, such as criminal prosecution. It would be necessary to convince governments that the decision on protection of confidentiality in IP advice would not necessarily need to apply to other areas. Another controversial area was the issue of employee privilege, as companies did not want employees to enjoy privilege.

Professor Cross was adamant that a treaty was necessary. He recommended that it would be worthwhile to have a core of nations with discovery sign the treaty, and then to incorporate the civil law nations into the system over time. He reminded the audience that the primary purpose was to protect the client, and that as long as the client approached someone who was legally permitted to provide advice, the issue of being 'pre-authorised' to give advice was not relevant.

Judge Braden advised that the proposal could be simplified; from a judge's perspective, it was too complicated. She thought the preamble was unnecessary, and she suggested that the proposal should begin with the second clause. It was important to emphasise the necessity of having the most protection possible, so that there was no discrimination. Being simple and direct about the problem would make the proposal more effective.

## **2. Discussion**

Mr Pors commented that it would be a pity to leave out civil law countries, and pointed out that he would potentially lose his confidentiality worldwide, if he discussed IP advice with a patent attorney in a country such as Canada, which had insufficient protection. There had to be a minimum level of protection. Professor Cross agreed that it was essential to bring in civil law nations.

Mr Chambers agreed with Professor Cross's views on the desirability of a treaty, and pointed out that if countries moved unilaterally, there was a greater prospect for a treaty. Professor Cross believed that if all unilateral efforts were along the same lines, this could 'pave the way' to a broad, multilateral treaty. However, he was concerned that Australia and New Zealand would take a substantive approach, while the US would continue to refine its choice-of-law approach.

## ***VIII. Communiqué***

### **1. Recommendations**

Mr Chambers presented the draft of the proposed communiqué, which was intended to be a summary of the views of the three NGOs present at the colloquium, and not a document that reflected the views of all of the attendees. Mr Garland read out the draft communiqué, and the panel asked the audience if there were any suggested amendments. There were numerous suggestions, which the Drafting Committee agreed to consider.

The Appendix 5 draft AIPPI proposal was the next subject for discussion, and Mr Chambers explained that they wanted a sense of where was contention. Mr Lewis said that the Drafting Committee had attempted to capture some of the conversations that had taken place during the colloquium.

The definition of 'intellectual property advisor' had been debated, and they could retain the original text or change the definition, according to the suggestions that had been made. Mr Lewis read through the different options, and the audience was invited to make suggestions. The Drafting Committee made the amendments, and a vote was held for the four alternative versions.

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