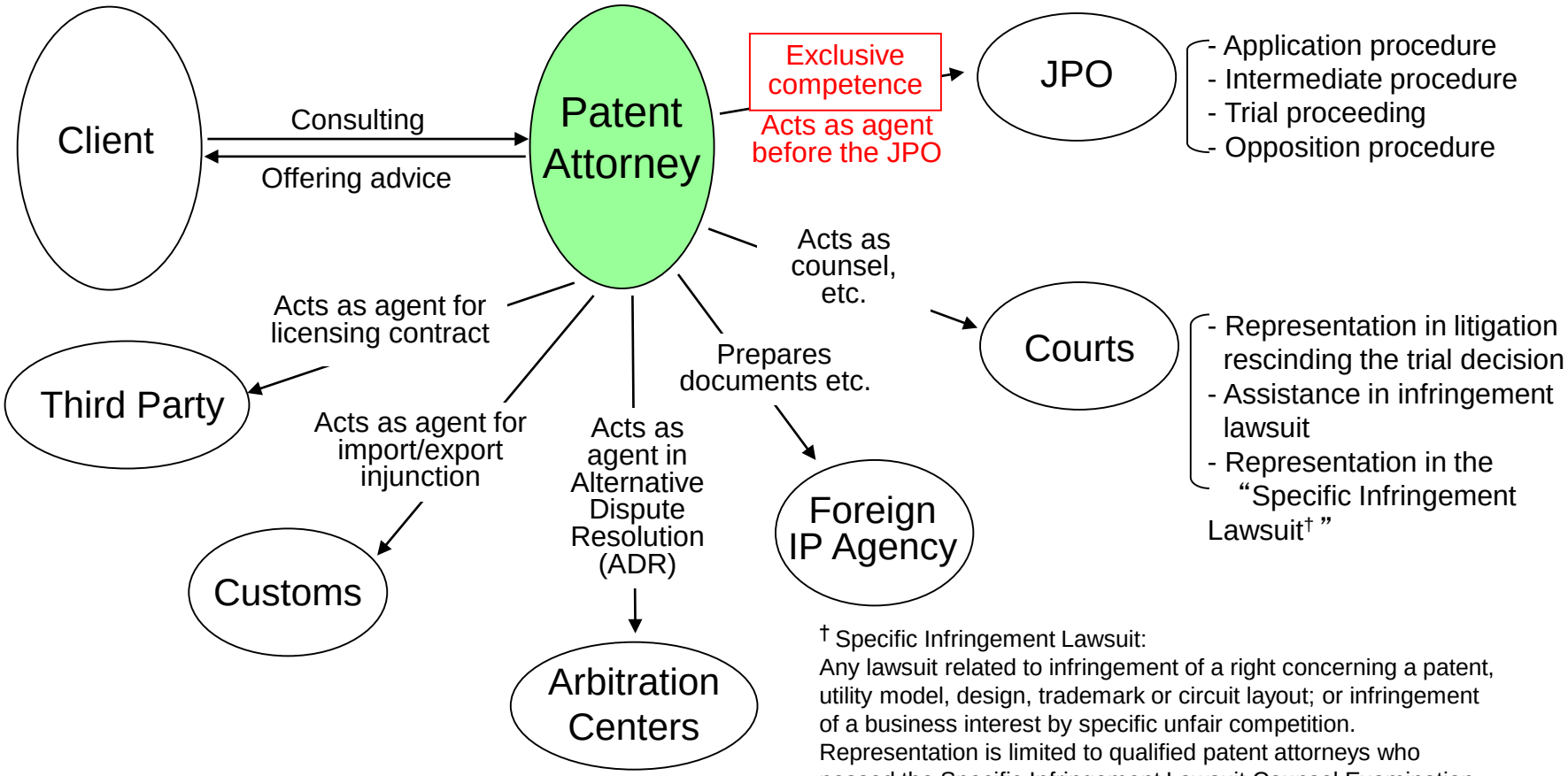
Protection of Confidentiality in IP Advice (PCIPA) in Japan

June 27, 2013

Japan Patent Office

Patent Attorney in Japan

- Patent Attorney ("*Benrishi*") hold national licenses to act as agents in procedures concerning industrial property rights



† Specific Infringement Lawsuit:
Any lawsuit related to infringement of a right concerning a patent, utility model, design, trademark or circuit layout; or infringement of a business interest by specific unfair competition. Representation is limited to qualified patent attorneys who passed the Specific Infringement Lawsuit Counsel Examination and are registered as such. To be represented jointly with attorneys-at-law.

Duty of Confidentiality

Patent Attorney Act

Article 30 Patent attorneys or persons who were previously patent attorneys shall not divulge or misappropriate any secrets that they came to know in connection with matters that they dealt with in the course of their business without any justifiable grounds.

Article 32 If a patent attorney is in violation of this Act or any order based thereupon, or has committed any misconduct that is materially inappropriate for a patent attorney, the Minister of Economy, Trade, and Industry may make one of the dispositions listed below:

(i) Admonition;

(ii) Suspension of all or part of business for not more than two years; or

(iii) Prohibition of business.

Article 80 (1) Any person who has violated the provision of Article 16-5 (1), 30 or 77 shall be punished by imprisonment with work for a term of not more than 6 months or by a fine of not more than 500,000 yen.

Right of Refusal to Testify

Code of Civil Procedure

- In the 1996 amendment to the Code of Civil Procedure, the previous Article 281 was renumbered as 197, which states as follows:

Article 197 (1) In the following cases, a witness may refuse to testify:
(i) […]
(ii) Cases in which a doctor, dentist, pharmacist, pharmaceuticals distributor, birthing assistant, **attorney at law** (including a registered foreign lawyer), **patent attorney**, defense counsel, notary or person engaged in a religious occupation, or a person who was any of these professionals is examined with regard to any fact which they have learnt in the course of their duties and which should be kept secret
(iii) Cases where the witness is examined with regard to matters concerning technical or professional secrets
(2) […]

Obligation & Refusal to Submit Document (1)

Code of Civil Procedure

- In the said 1996 amendment, the following change was made, and Article 312 was renumbered as 220:

Article 220 In the following cases, the holder of the document may not refuse to submit the document under situations in which:

in existence before the amendment

(i) a party personally possesses the document that he/she has cited in the suit.
(ii) the party who offers evidence may make a request the holder of the document to deliver or inspect the document.
(iii) the document has been prepared in the interest of the party who offers evidence or with regard to the legal relationships between the party who offers evidence and the holder of the document.

(iv) In addition to the cases listed in the preceding three items, in cases where the document does not fall under any of the following categories:
(a)(b) […]
(c) A document stating the fact prescribed in **Article 197(1)(ii)** or the matter prescribed in Article 197(1)(iii), neither of which are released from the duty of secrecy
(d)(e) […]

added by the amendment (& later renumbered)

Obligation & Refusal to Submit Document (2)

Code of Civil Procedure

- According to a Commentary on the 1996 Amendment by the Ministry of Justice, "in order for the obligation to be discharged under Article 220(iv)(c), it is sufficient if they contain the facts which doctors, lawyers, etc. have learnt in the course of their duties and which should be kept secret" ("*Questions & Answers on the New Code of Civil Procedure*," Ministry of Justice, November 1996)

- With respect to whether communications between clients and foreign patent attorneys are protected, some professors are of the view that Articles 197 and 220 would be applicable to them, when certain conditions are met (e.g. that they are under the legal duty of confidentiality under their own jurisdictions), as well as Japanese professionals, such as the CPA, which are under the legal duty of confidentiality but not enumerated under 197(2)(ii) ("*Research Report on the Patent Attorney System for the Future*," Institute of Intellectual Property, February 2013)

U.S. Cases on the Attorney-Client Privilege involving Japanese Patent Attorney (1)

Privilege Denied

- **Alpex Computer Co. v. Nintendo, 1992 US. Dist. LEXIS 3129 (S.D.N.Y. 1992)**
  - "Article [281 *of Japanese Code of Civil Procedure - now renumbered as Article 197*] on its face refers only to the right of the *patent agent* to refuse to *testify* in certain circumstances. Nothing in the statutory language extends the privilege to the patent agent's *client* or to the documents prepared in connection with the patent agent's advice."
  - "Given the lack of support in Article 281 for extending the privilege, Nintendo has presented nothing to convince me that Magistrate Judge's ruling [*which denied the privilege*] was clearly erroneous or contrary to law."

U.S. Cases on the Attorney-Client Privilege involving Japanese Patent Attorney (2)

Privilege Affirmed

- **VLT Corp. v. Unitrode Corp., 194 F.R.D. 8 (D. Mass. 2000)**
  - "Prior to January 1, 1998, documents held by parties in litigation **were not generally subject to mandatory production** under Article 312 of the Japanese Code, except in three instances not applicable here."
  - "Effective January 1, 1998, the code was amended to allow for liberal American-style discovery. Specifically, Article 312, renumbered 220, created a catch-all category of documents that a party could not refuse to produce. However, even under the new discovery rules, **documents reflecting communications between clients and *benrishi*** [*Japanese patent attorney*] **are exempt from production**. (Art. 220(iv)(b) [*now renumbered as 220(iv)(c)*])."

U.S. Cases on the Attorney-Client Privilege involving Japanese Patent Attorney (3)

Privilege Affirmed

- **Astra v. Andrx Pharmaceuticals, 64 USPQ 2d 1331 (S.D.N.Y. 2002)**
  - "[B]oth of these findings--lack of a statutory attorney-client privilege and work product protection in Korea--rest on the assumption that parties may be ordered or required to testify or produce documents concerning confidential communication by a Korean court during a lawsuit. **The court finds that such an assumption is, in fact, erroneous**.
  - "Under Korean law, a court may only issue an order to compel document production under specific limited circumstances designated by statute. These challenged documents would not be ordered produced under any of the three limited circumstances described by Article 316 of the Korean Code of Civil Procedure [*which was identical to the old Article 312 of Japanese Code*]."
  - "Notably, these same statutory limitations existed under Japanese law as considered by the court in *Alpex*. "Prior to January 1, 1998, documents held by parties in litigation were not generally subject to mandatory production under Article 312 of the Japanese Code, except in three instances not applicable here." *VLT Corp. v. Unitrode Corp., 194 F.R.D. 8, 17 (D. Mass. 2000)*"

U.S. Cases on the Attorney-Client Privilege involving Japanese Patent Attorney (4)

Privilege Affirmed

- **Eisai Ltd. v. Dr. Reddy's Laboratories, Inc., 77 USPQ 2d 1854 (S.D.N.Y. 2005)**
  - "It is **undisputed** that Japanese law **extends a privilege to documents created by *benrishi*,** and has done so at least since an amendment to the Code of Civil Procedure of Japan ("Code") in 1998."
  - "Article 197(2) of the Code provides that a *benrishi* may refuse to testify about a fact that he should keep secret and that he learned in the exercise of his professional duties, and Article 220(4) [*sic*] permits **any holder** of a document to refuse to produce a document that contains matters exempt from disclosure under Article 197(2)."

Stakeholders' Views

- **Users' Voice**
  - Some of the users surveyed in 2012 expressed their concern that the documents exchanged with the Japanese patent attorneys might be forcefully disclosed in US discovery ("*Research Report on the Patent Attorney System for the Future*," Institute of Intellectual Property, February 2013)

- **Ministry of Justice**
  - "The privilege of the attorney-at-law which corresponds to the so-called attorney-client privilege under the US law has already been stipulated in the Japanese laws" ("*Interim Status Report for the Establishment of Three-Year Plan on the Regulatory Reform*," Ministry of Justice, January 2001)

Conclusion

- At least after the 1996 amendment of the Code of Civil Procedure, we do not know any case in which communications with Japanese patent attorneys were denied the attorney-client privilege by any US court

- However, “it is still uncertain” if confidentiality of such communications “could be protected in all the other US federal courts” (cited from Japan Patent Attorneys Association’s view in “*Research Report on the Patent Attorney System for the Future*,” Institute of Intellectual Property, February 2013)

- In order to address stakeholders’ concerns, such as this one, we will set up a committee and further deliberate this issue, including the necessity of taking domestic measures

Conclusion

- In addition, there may be a risk of forced disclosure of confidential communication between clients and Japanese patent attorneys in other countries

- This issue, by its nature, cannot be tackled by one country alone, as it depends on the choice of law in any given forum

- Therefore, to secure the legal stability, international rule-making based on constructive discussion in the intergovernmental fora, including WIPO and B+, is desirable

- We will actively participate in those discussions and cooperate with other like-minded countries

THANK YOU FOR YOUR ATTENTION