



Privilege – What's the Problem?

Greg Chambers



phillips ormonde fitzpatrick
intellectual property

pof.com.au

What's at stake?

- Forced disclosure of confidential client to patent attorney communications
- Forced disclosure of confidential reports of experts on behalf of a client
- Forced disclosure of confidential invention disclosure statements
- Forced disclosure of advice from patent attorney to client
- Potential loss of privilege in countries that protect confidential client / patent attorney communications

How would disclosure occur?

- Most likely to occur in litigation in a common law country having obligations of discovery
- Could occur regardless of whether the communications are protected in the country in which they are made
- Can occur on a Notice to Produce in Patent Office proceedings such as in an opposition to grant

Discovery

- A process used in most common law countries where parties to litigation are required to disclose to the other party all documents in their possession, custody or control relevant to issues in dispute
- Many countries require a list of documents, sworn on oath, identifying all such documents whether privileged or not. Privileged documents do not need to be produced or shown to the opposite party or the court
- Generally required after the close of pleadings, but before the exchange of evidence
- Claims of privilege can be contested. Often this requires a determination by a different judge to the trial judge

What documents are typically discoverable in patent infringement litigation in Australia?

- Those relating to the development of the invention, e.g. laboratory notebooks, testing documents and prior art considered by the inventor, invention reports
- Those relating to the development of the allegedly infringing product, e.g. laboratory notebooks, testing, prior art considered, patents considered
- Those documents relating to any search, study or opinion of prior art in relation to the Australian patent or any overseas counterpart
- Those relating to any test performed relevant to the validity or enforceability of the patent
- Those relating to any comparison between the allegedly infringing product and the patent or any overseas counterpart to the patent

Consider possible scenario

- Client discloses to patent attorney what is considered to be a new invention
- Search recommended
- Search reveals documents potentially relevant on inventive step
- Client considers these and provides patent attorney with detailed analysis indicating why the client considers his own development inventive and non-obvious
- Patent attorney provides positive opinion to client on patentability based on the client analysis

Consider possible scenario (cont)

- Client instructs patent attorney to file patent application
- Client commences production and starts selling
- Sometime later, client learns that an earlier filed application (not published at the time of the search) for the same invention has proceeded to grant in Australia. The client's goods are being sold in Australia and the client is sued
- Only real defence, want of inventive step based on same prior art reviewed before filing
- Are the client / patent attorney communications analysing the prior art protected from forcible disclosure?

Is the Confidential Analysis from the client to the patent attorney protected against forcible disclosure?

- Depends to whom it is made and the jurisdiction of the litigation

- For example:

Not protected - if communication made to a patent attorney in Canada and the litigation is in the US

Protected - if communication made to a patent attorney in the US and litigation is in Australia

Why are there differences?

- There are some countries that do not extend privilege to “home” communications, e.g. none for communications with non-lawyer patent attorneys in Canada
- There are some countries that extend privilege only to “home” communications, e.g. for communications with non-lawyer patent attorneys in Australia
- Lack of comity, e.g. Switzerland / US
- The difference between an “obligation of confidence” and the benefit of “privilege”

Nature of privilege in common law countries

- For communications between clients and lawyers for the dominant purpose of obtaining legal advice or in the course of, or in anticipation of legal proceedings - at common law
- For non-lawyer patent attorneys - only by statute and then only as strictly construed
- The privilege is the client's – not the lawyer's or the patent attorney's
- A privileged communication or a record of it is protected against forcible disclosure

Why privilege?

- Shouldn't all relevant facts be revealed to a judge in determining a dispute between parties? Rationale for privilege in some communications:
 - Administration of justice
 - Economic benefit
 - Effective and appropriate advice
 - Equity

Is the maintenance of privilege inconsistent with a duty of candour?

- Revealing relevant prior art known to an applicant is different to revealing the personal views and opinions of a patent attorney or client with respect to that prior art
- Similarly, full description requirements are not inconsistent with the protection of privileged communications
- Privilege in communications arises whether or not a patent application has been filed

Some relevant authorities

- *Wilden Pump Engineering Co. v Fufeld* [1995] FSR 159
- *Eli Lilly v Pfizer Ireland* (2004) 137 FCR 573
- *Arrow Pharmaceuticals v Merck* (2004) 210 ALR 593
- *Kennedy v Wallace* (2004) 142 FCR 185
- *Wellcome Foundation Limited v VR Laboratories* (1981) 148 CLR 262

Unexpected outcomes

- Communications protected in home jurisdiction may be compellable in another jurisdiction
- Unequal footing for parties to litigation. Advice of the same nature given by similarly qualified practitioners may be privileged or not, depending on a complex examination of the laws of different countries
- Communications with third parties, such as experts, may be protected from disclosure or not, depending on a complex examination of the laws of different countries

The global patent systems

- Underlying rationale of the international patent systems is to encourage disclosure rather than secrecy. Disclosure in return for monopoly rights
- The prospect of forcible disclosure of confidential communications between patent attorneys and their clients is inconsistent with the underlying rationale of the patent systems
- Patent system rules are more appropriate tools for ensuring the proper level of disclosure, e.g.
 - Support requirements
 - Enablement requirements
 - Utility requirements

What happened in Australia?

- Section 200 of the *Australian Patents Act* (1990)

(2) A communication between a registered patent attorney and the attorney's clients in intellectual property matters, and any record or document made for the purposes of such a communication, are privileged to the same extent as a communication between a solicitor and his or her client.

(4) In this section:

"intellectual property matters" means:

- (a) matters relating to patents; or
- (b) matters relating to trade marks; or
- (c) matters relating to designs; or
- (d) any related matters.

Anticipated reform in Australia

■ Intellectual Property Laws Amendment (Raising the Bar) Bill 2011:

(2) A communication made for the dominant purpose of a registered patent attorney providing intellectual property advice to a client is privilege in the same way, and to the same extent, as a communication made for the dominant purpose of a legal practitioner providing legal advice to a client.

(2A) A record or document made for the dominant purpose of a registered patent attorney providing intellectual property advice to a client is privileged in the same way and to the same extent, as a record or document made for the dominant purpose of a legal practitioner providing legal advice to a client.

(2B) A reference in subsection (2) or (2A) to a registered patent attorney includes a reference to an individual authorised to do patents work under a law of another country or region, to the extent to which the individual is authorised to provide intellectual property advice of the kind provided.

(2C) *Intellectual property advice* means advice in relation to:

- (a) patents; or
- (b) trade marks; or
- (c) designs; or
- (d) plant breeder's rights; or
- (e) any related matters.

What is happening elsewhere?

- New Zealand
- Canada
- USA
- UK
- WIPO discussions, surveys and studies



Thank You



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