PRIVILEGE

Pitfalls and Obstacles

for clients operating

in multiple jurisdictions

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IP - The International Dimension

- UK – most IP is foreign owned
  - Only 35% of national patents UK-owned
  - Only 5% of European patents UK-owned
- General principles:
  - Most of your national IP is foreign-owned
  - Most of your national IP litigation involves foreign parties
  - Most of the IP owned by your nationals is foreign IP
  - Most of their litigation is abroad

Protecting inventions in practice

- No World Patent!
- Multiple separate patents in multiple countries
    - Multiple separate local *patent* representative
- Enforcement Litigation in multiple territories
    - Multiple separate local *legal* representatives

Personnel – the local agent

- Initial advice – *local* patent agent
- “Home” priority filing – *local* patent agent
- PCT International filing – *local* patent agent
- International phase – *local* patent agent

Advice and the patent agent

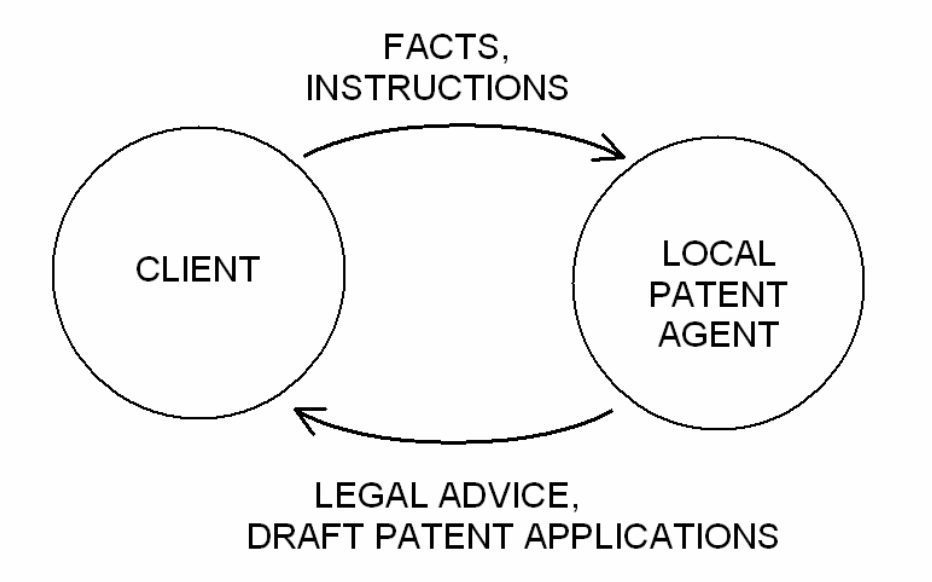
- Cost of *each* national filing can be $10Ks
- Purpose of the International Phase is to allow applicants to choose whether to proceed based on search
- Choice requires *frank advice* on the merits from the local patent agent
  - Saves applicant's budget
  - Avoids unmeritorious patents

But advice may be wrong …

- Complex inventions may initially be misunderstood
- Brilliant inventions may initially be dismissed as deceptively simple, THUS
- The patent agent may change his views, or
- The client or inventor may override them if they are wrong

Privilege applicable?

Your *local* law governs privilege:

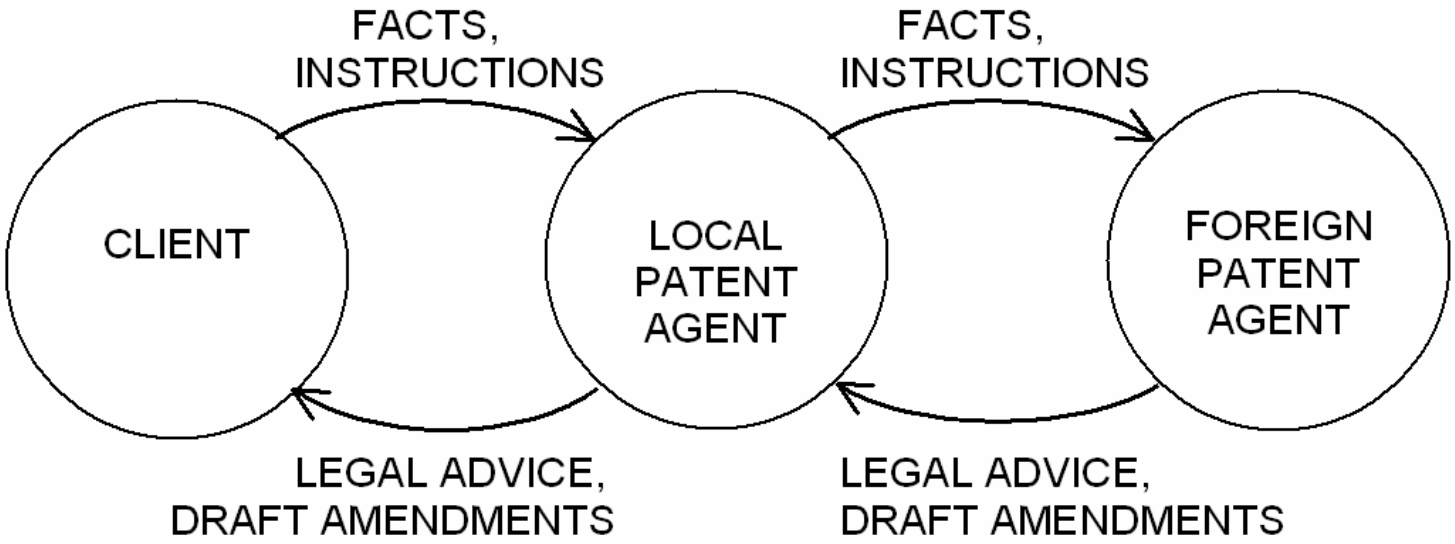


Personnel – the foreign agent

- National filing – *foreign* patent agent
- National phase prosecution – *foreign* patent agent
- All coordinated and instructed *through local* patent agent
- Foreign agent contributes frank legal advice on foreign law
- Local patent agent contributes:
  - *Technical familiarity* with case
  - *Coordination* with parallel issues in other countries
  - *Translation* into local legal terms

Privilege applicable?

- *Both* your local law and f*oreign* law are be relevant:



Representatives as advisors

- Patent agents are not just ***representatives***
- Their advice is sought on:
  - Prospects of success
  - What to do in your best interests
- Their advice blends:
  - Their *technical* knowledge, applied in the context of
  - Their *legal* knowledge of IP law
- It concerns validity issues which will be argued when the patent is litigated

Non-professional middlemen

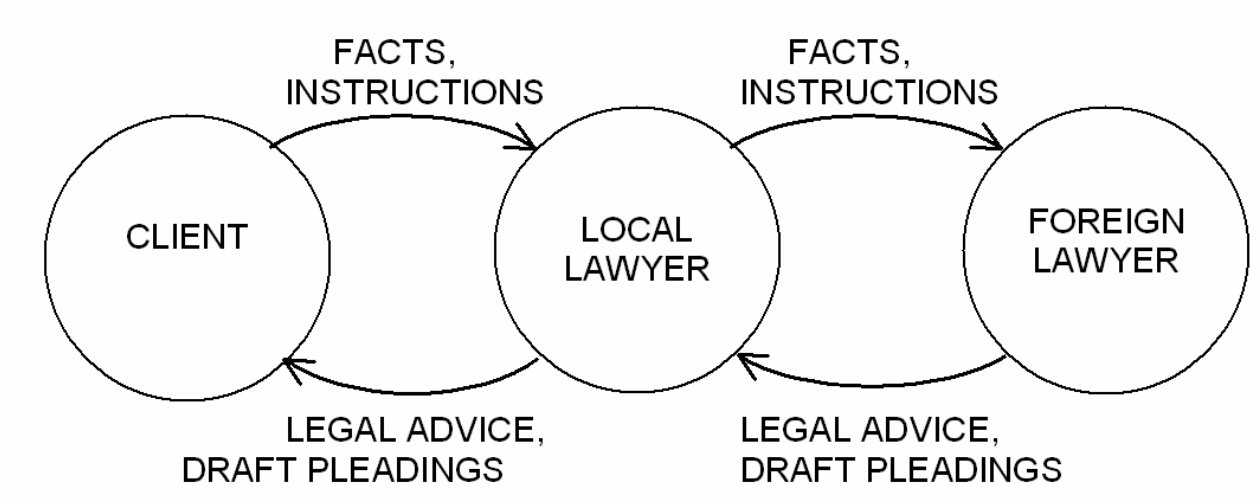
- Attorney-client professional privilege is essentially only between lawyer and client
- Either can act through an employee
- Either can act through an agent of communication
- Otherwise, third parties in the loop break the chain of privilege

Post grant

- Patent is granted worldwide, and enforced
- Litigation in “common law” discovery countries, for example:
  - US
  - UK
  - Canada
  - Australia
  - India
  - Malaysia
  - Singapore

Personnel – foreign lawyers

- Work through local and/or foreign lawyers
- At common law, privilege applies to both



Why not discovery of advice?

- Patent litigation involves non-technical tribunal answering technical questions
- Requires objective and independent analysis by the tribunal, BUT
- Tempting to take a cuts by relying on party's own disclosed opinions

Short cuts

- Question: what does the claim mean?
  - Short cut: *the **inventor** said it couldn't mean X*
- Question: was it obvious to the skilled person in 1995?
  - Short cut: *the **inventor** or **patent agent** said it was obvious to him in 1996*
- Answering the wrong questions does not help, and may be harmful, in reaching the objective truth

International Effects 1

- Substantive approaches not harmonised
- Example 1 – Inventive Step/obviousness
  - Country A allows document mosaiicing
  - Patent agent advises that patent obvious
  - Advice is inapplicable in Country B which only assesses inventive step using common general knowledge
  - Country A advice disclosed in Country B litigation is inappropriate, but looks damning!

International Effects 2

- Example 2 – Insufficient description
  - Country A requires high level of disclosure
  - Patent agent advises that patent insufficient
  - Advice is inapplicable in Country B which allows patent to be read using common general knowledge
  - Country A advice disclosed in Country B litigation is inappropriate, but looks damning!

Systemic problems caused

- Scrutiny of irrelevant documents costs time and money for parties and tribunal
  - Adds to the already high expense of patent litigation
- Pressure can make the disclosing party give up
- “Litigation-savvy” clients may try to avoid discovery by leaving no paper trail - BUT
  - Highly inefficient way to manage valuable assets
  - Difficult to do for a full 20 year term
  - Very difficult in the email age!
  - Advisors can be cross-examined anyway

Conclusion:

- Clients need frank advice from patent agents to manage the patenting process;
- It should be protected from disclosure in the same way as for lawyers;
- There is no middle path between frank advice and no advice.

Practical example 1 – patentee's letter to agent

- Inventor offers *legal* conclusion that invention is obvious – outside his competence but looks damning – because:
  - He is highly inventive and overestimates the average skilled person in the art, or
  - He wrongly takes into account his company's internal "prior art", not publicly known

Practical example 2 – agent's letter to patentee

- Patent agent thinks invention obvious before talking to inventor based on too few technical facts, because:
  - Examiner and agent mis-understand how prior art works, or
  - Agent doesn't know of prejudice in the art overcome by inventor
- Often, agents change their (initially negative) views after talking to inventor – prosecution is a duet sung in technical vocabulary

Practical example 3 – competitor's letter to agent

- Technical staff offer *legal* conclusion that they infringe – because:
  - They think that merely using the same principle is enough to do so – they don't understand the narrow scope of the claim;
  - They based their work on the patentee's, and don't realise that they have evolved into a non-infringement.

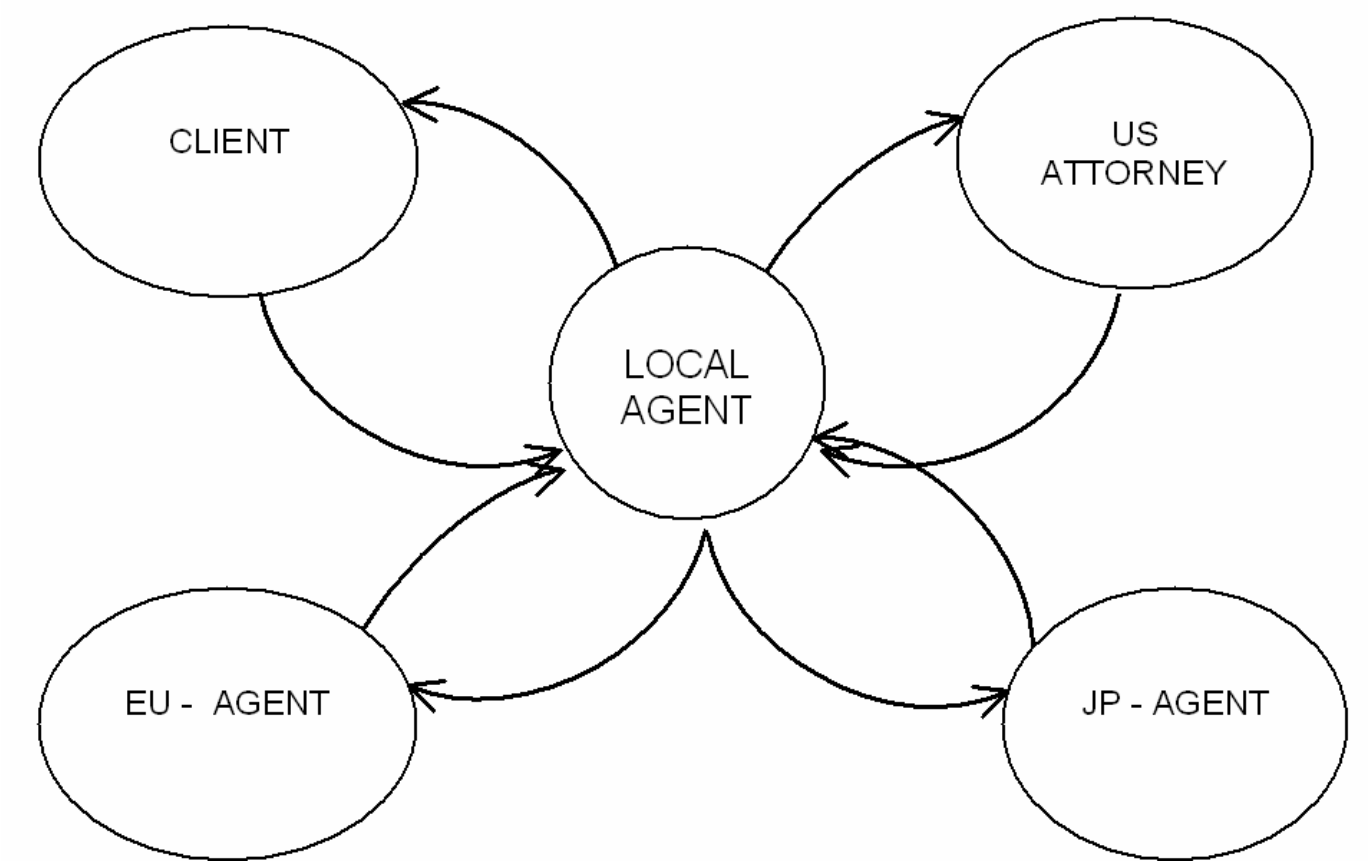
Practical example 4 – agent's letter to competitor

- Agent advises that they probably infringe – because:
  - Of an excess of caution!
  - Of an initial imperfect technical understanding.

Danger Scenarios

- Patent granted in multiple countries, by client acting through
  - Local coordinating agent (in house or external) for “home” filing and PCT
  - Multiple foreign agents in EU, AU, JP for national phase
  - Those in CA, US are also lawyers
  - Correspondence on prior art and validity in each country

Prosecution Communications



Danger Scenario 1

- Litigating in a country recognising no privilege for agents (e.g. CA)
  - No privilege for communications to/from AU, EU, JP agents
  - Privilege for communications to/from US, Canadian attorneys, UNLESS
    - Local agent acted as more than middleman
  - No privilege for communications to/from local agent, EXCEPT
    - Where acting purely as communication link to US, CA attorneys

Danger Scenario 2

- Litigating in a country recognising no privilege for foreign agents (e.g. AU)
  - Privilege for communications to/from AU agent
  - Privilege for communications to/from US, Canadian attorneys, UNLESS
    - Local agent acted as more than middleman
  - No privilege for communications to/from EU, JP agents
  - No privilege for communications to/from local agent, EXCEPT
    - Where acting purely as communication link to US, CA attorneys

Danger Scenario 3

- Local agent lacks domestic privilege (e.g. CH), litigation takes place anywhere
  - All client communications with local agent are denied privilege in US, AU, CA and other courts, EXCEPT
    - Where acting purely as communication link, e.g. to US, CA attorneys
  - Local agent can break chain of attorney-client privilege

Danger Scenario 4

- Local agent outsources to one who lacks domestic privilege (e.g. IN), litigation takes place anywhere
  - All communications between client or agent and outsourced subcontractor lack privilege
  - Drafting and Prosecution documents not privileged

Danger Scenario 4

- Domestic agent privileged, subcontracts to foreign agent with narrower scope of privilege
  - Unlike lawyers, agents' privilege is circumscribed
  - Clients and agents ignorant of differences
  - Foreign agent's advice not privileged

General Conclusion

- IP does not stop at national borders
- Patent agents advice required in addition to general lawyers’
- Many countries recognise the need for privilege
- However, their intentions are thwarted when boundaries are crossed
- Need protection for communications with both domestic and foreign patent attorneys
- International problem requires an international approach, implemented nationally

Any Questions?