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Attorney Client Privilege (ACP) Problem in Japan

Yuzuru Okabe

Patent Attorney of Japan

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The problem of Attorney Client privilege for Japanese patent attorney or agent (*benrishi)* goes back to 1970s. In many decisions related to AC privilege for non-lawyer IP professionals, US judges expressed variety of different views. Some judges say that the ACP is admitted only for the bar members of the United States and some judges say that non-lawyer patent agent even outside of the U.S. should enjoy the ACP.

Although various way of thinking were expressed by U.S. judges, the typical view which later became the main stream can been seen in Duplan Corp. v. Miliken Inc. issued on May 30, 1974.

In Duplan Corp. v. Miliken Inc., Judge said that:

1.Basically, ACP is admitted only to a member of the bar of a court in the U.S.

2.Any communication touching base with the U.S. will be governed by the U.S. Federal Discovery Rules.

3. Any communications related to matters solely involving foreign country will be governed by the applicable foreign law.

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In accordance with this “touching base” theory, many decisions denied the applicability of ACP to Japanese b*enrishi*.

An example of such a decision is Santrade Ltd. v. General Electric issued on April 15, 1993.

In the decision, judge ruled that:

Article 281 of the Japanese Code of Civil proceeding refers to the applicability of privilege. However, the Code refers only to testimony of the attorney or patent agent and does not allow the client of the Japanese agent to withhold document on the ground of privilege.

Namely, the judge found that Japanese Civil Procedure Law does not provide a clause for a document which is to be withheld from a court proceeding. This finding was referred to by many following decisions and it became a main stream that the document prepared by b*enrishi* is not privileged.

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In the mid 90's, an argument about revision of Civil Procedure Law surfaced in Japan. One major point was to expand measures for collecting evidence and extended duty to produce documents. Japanese Patent Attorney Association (JPAA) strongly required to Justice Ministry to incorporate a clause concerning Attorney Client Privilege. The request, however, was denied because the concept of ACP is based on the discovery system and basic concept of Japanese law is too much different from common law system. As far as ACP concerns the amended law was a kind of half-baked.

At first, let's look at Article 197 paragraph 1 which stipulates a right to refuse to testify:

A testimony is entitled to refuse to testify in the following cases:
(ii) Medical doctor, Dentist, .. Attorney at Law, Patent Attorney .., is required to testify about a fact which is known through his/her professional duty and be kept secret.

This clause is the same as the old law. Medical doctors or other people including Patent Attorney often acquire a knowledge which must be kept secret even in the court proceedings. The clause let such people refuse to testify a knowledge obtained through his professional duty. It is believed that *benrishi's* professional advice based on the secret information of the client is categorized in this clause.

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Article 220 is newly introduced clause which stipulates an expanded scope of duty to produce documents.

Article 220 paragraph 1 reads as follows:

A holder of a document shall not refuse the production thereof in the following cases:

(1) In case the party himself is in possession of the document to which he has referred to in the

litigation;

Namely, if a party possesses a document which the party referred to in the court proceeding, the party has to produce the document and present it to the court.

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Article 230 paragraph 4 defines an exception of the obligation of the production of a document.

(4) Besides the cases mentioned above, in case of the document does not fall in any one of the following cases:

(b) A document which describes facts provided in Article 197 (1)(ii) concerning which the duty to keep secret is not exempted.

Namely, if a document is about the secret information obtained in the process of professional duty, such a document describing such an information does not need to be presented before court.

In conclusion, according to the amended law, *benrishi* is entitled to refuse to testify the content of communication with his client and to withhold to produce a document of such a communication.

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The amended Article 223 paragraph 6 provides so-called in camera inspection of a document.

The new law empowers the court to order the parties to present document before court. The court is entitled to examine if the secrecy of the document is to be justified under *in camera* proceeding where only judges are allowed to access the document to determine if the document is to be kept secret.

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Fortunately, after the amendment of the Civil Procedure Law, US courts changed the position and acknowledge the privilege on the document produced by *benrishi*. As far as I know, U.S. courts admitted the *benrishi's* privilege in the following four cases.

Knoll Pharms. Co. V. Teva Pharms. (N.D. III. Nov. 22, 2004)

VLT Corp. v. Unitrode Corp. (D. Mass. 2000)

Murata Mfg. Co. v. Bel Fuse Inc. (N.D. III. Feb. 3, 2005)

Eisai ltd. V. Dr. Reddy's Laboratories (S.D. N.Y Dec. 21, 2005)

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For example, in Eisai ltd. v. Dr. Reddy's Lab. case, judge ruled as follows:

- Documents reflecting legal advice provided by Japanese *benrishi* or requests for such advice are privileged and need not be produced.
- Japanese law accords such a privilege which American courts should respect as a matter of comity.
- It is undisputable 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 in 1998.
- Bristol-Myers does not hold that foreign privilege law must be totally congruent with American attorney-client privilege law (which itself varies from state to state and federal circuit to federal circuit) in order to accord comity.

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- After amendment of Civil Procedure law in 1998, U.S. courts admit the AC privilege over documents produced by *benrishi* without exception.
- Japanese law, however, still lacks discovery system and amended clause is not actual AC privilege in the meaning of common law system countries.
- Establishment of AC privilege treaty is desirable to clarify that communication seeking/providing professional advice is included in the "document" and that privilege is a right of both *benrishi* and client.

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